ACCOUNTABILITY BOARD

10:00	Friday, 03 July 2020	Online Meeting

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	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 Rob Gledhill	Thurrock Council
Cllr Ron Woodley	Southend Borough Council
Simon Cook	Further Education/ Skills representative
Rosemary Nunn	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

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. 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".

By phone

Telephone from the United Kingdom: 0203 481 5237 or 0203 481 5240 or 0208 080 6591 or 0208 080 6592 or +44 330 088 5830.
You will be asked for a Webinar ID and Password, these 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".

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 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 Chairman will confirm if all or part of the meeting is being recorded.

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@southeastlep.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.

Exempt Items

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

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

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

24 A13 widening LGF Decision CONFIDENTIAL APPENDIX

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

25 A28 Sturry Link Road CONFIDENTIAL APPENDIX 1

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

26 Urgent Exempt Business

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

Minutes of the meeting of the SELEP Accountability Board, held in High House Production Park Vellacott Close, Purfleet, Essex, RM19 1RJ on Friday, 14 February 2020

Present:

Geoff Miles	Chair
Cllr Tony Ball	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
Simon Cook	Further Education/Skills representative
Rosemary Nunn	Higher Education representative.

ALSO PRESENT **Having signed the attendance book**

Suzanne Bennett	SELEP
Amy Bernardo	Essex County Council
Steven Bishop	Steer
Chris Broome	Sea Change Sussex
Adam Bryan	SELEP
Lee Burchill	Kent County Council
Kerry Clarke	Kent County Council
Sarah Dance	SELEP
Howard Davies	SELEP
Richard Dawson	East Sussex County Council
Helen Dyer	SELEP
Sunny EE	Medway Council
Anna Eastgate	Thurrock Council
Richard Hicks	Medway Council
Jessica Jagpal	Medway Council
Richard Longman	TGKP
Stephanie Mitchener	Essex County Council (as delegated S151 Officer for the Accountable Body)
Charlotte Moody	Essex County Council (Legal representative for the Accountable Body)

Rhiannon Mort	SELEP
Lorna Norris	Essex County Council
Sarah Nurden	KMEP
Tim Rignall	Southend Borough Council
Peter Shakespear	Essex County Council
Lisa Siggins	Essex County Council
Stephen Taylor	Thurrock Council
Laura Wallis	Essex County Council
Rob Willis	Essex County Council
Ceri Williams	Canterbury City Council

1 Welcome and apologies for absence

The following apologies were received:
- Councillor Kevin Bentley (substituted by Councillor Tony Ball)

The Chair welcomed Simon Cook, from Mid Kent College, who has taken over the role of Further Education representative from Graham Razey and Rosemary Nunn from the University of Greenwich, who has taken over the role of the Higher Education representative from Lucy Druesne.

The Chair also welcomed Sarah Dance who has been appointed as SELEP Deputy Chair and will be taking over as Chair of the Accountability Board at the next meeting.

2 Minutes

The minutes of the meeting held on Friday 15th November were agreed as an accurate record, with slight amendment to the Finance Update and signed by the Chair.

It was **Agreed** that an update would be provided on the local funding contributions to SELEP at the next Board meeting on the 15th May 2020, following confirmation of SELEP core funding from central government.
It was **Agreed** that the Board would be made aware as soon as SELEP core funding had been confirmed.

3 Declarations of interest

As a private businessman, Geoff Miles declared a disclosable pecuniary interest in respect of agenda item 15 (Growing Places Fund Update).

He advised of his intention to step out of the room whilst agenda item 15 was discussed and it was confirmed that Rosemary Nunn would chair this item.

4 Questions from the public

There were none.

5 Local Growth Fund Capital Programme Report

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

Councillor Glazier asked for the proposed date in 2.1.6 of the report to be put back to the Board meeting on 3rd July 2020. He explained that further information is required and that he wants to ensure that all the relevant information is available to the Board.

The Board proceeded to discuss the fact that often projects are held up by delays from Government departments, and that these mitigating factors should be taken into account by Central Government. They stressed that there needs to be joined up thinking between government departments.

Resolved:

1. **To Agree** the changes to 2019/20 LGF spend forecast, as set out in Appendix 2 and summarised in table 1 of the report.

2. **To Agree** a total planned LGF spend in 2020/21 of £87.994m excluding Department for Transport (DfT) retained schemes and increasing to £119.860m including DfT retained schemes. This decision is subject to sufficient LGF being made available by the Ministry for Housing Communities and Local Government (MHCLG) in 2020/21 as per the provisional funding allocation.

3. **To Note** the deliverability and risk assessment, as set out in Appendix 3 of the report.

4. **To Agree** to remove the Marks Farm project (formerly A131 Braintree to Sudbury) from the LGF programme and reallocate the £1.8m LGF to the next project on the LGF3b pipeline

5. **To Agree** that the Basildon Innovation Warehouse project must:

5.1. submit an updated business case to SELEP secretariat by 24 April 2020 in order to complete the independent technical evaluation (ITE) process, for consideration at the 3 July 2020 Board meeting; and

5.2. provide an update to Board on the 15 May 2020 which provides reassurance to the Board of the deliverability of the project, as set out in section 6.10 in the report

If these two conditions cannot be satisfied, it will be recommended to the Board, on the 15th May 2020, that the £870,000 LGF allocation is reallocated to the next project on the LGF3b pipeline.

6. **To Agree** that the Exceat Bridge project business case must come forward for a funding decision at the Board meeting on 3rd July 2020 and confirm that:

6.1. the project presents high value for money;
6.2. a full funding package is in place to deliver the project; and
6.3. the project can meet the conditions, set out in 5.1 of the report, for LGF spend beyond 31 March 2021.

If these three conditions cannot be satisfied, it will be recommended to the Board, on 3rd July 2020, that the £1.5m LGF allocation is reallocated to the next project on the LGF3b pipeline.

6 Thanet Parkway Funding Decision

The Board received a report from Helen Dyer SELEP Capital Programme Officer and a presentation from Steer, the purpose of which was for the Board to consider the award of £14m Local Growth Fund (LGF) to the Thanet Parkway project (the Project).

Councillor Gough advised that Kent County Council have had significant involvement with this project with its Cabinet having committed to the project. He confirmed that the required confirmation had been provided by KCCs S151 officer and that the only outstanding issue was regarding the planning permission.

Resolved:

1. **To Agree** that the Project satisfies the five conditions agreed by the Board in February 2019 to allow LGF spend beyond the Growth Deal period, subject to:

1.1. receipt of written confirmation from the Kent County Council S151 officer that all funding has been secured to enable delivery of the Project; and

1.2. receipt of written confirmation from Kent County Council that planning permission for the Project has been granted. Written confirmation should be provided by 22nd July 2020 at the latest.

2. **To Approve** the award of £14m LGF to the delivery of the Project which has been assessed as presenting high value for money with medium certainty of achieving this, subject to the above conditions in 1. above having been met.

3. **To Note** the intention for a grant agreement to be put in place for the transfer of the £14m LGF award to the Project.

4. **To Note** that no LGF will be transferred to Kent County Council for the delivery of the Project until the conditions set out in 1. above have been satisfied

7 A13 Widening Update

The Board received a report from Anna Eastgate, Assistant Director Lower Thames Crossing & Transport Infrastructure Projects, Thurrock Council and Rhiannon Mort the purpose of this report was to provide an update to the Board on the delivery of the A13 widening project (the Project).

Two amendments to the report where highlighted. The figure in 3.3 should read £66.058m rather than £66.580m. The amount of outstanding Local Growth Fund still to be transferred to the project should read £15.760m, rather than £20.760m.

Ms Eastgate gave an update to the Board, explaining the difficulties encountered and the mitigation measures that have been put in place. She advised that she was confident that the necessary skills had now been put in place on the project with progress having been made.

Councillor Gledhill echoed Ms Eastgate's comments and advised the Board that the project was now in a much-improved position. Councillor Gledhill confirmed that the full project position will be reported to the Board at its next meeting.

Resolved:

1. **To Note** that an increase to the total cost of the Project has been identified relative to the position reported to the Board in June 2019. The updated timescale for the delivery of the Project and the revised total Project cost have not yet been formally confirmed to the Board by Thurrock Council.

2. **To Agree** that an update must be provided to the Board by Thurrock Council at the next meeting of the Board on 15 May 2020 to confirm the updated total Project cost and expected Project completion date.

3. **To Note** that significant progress has been made since the last meeting to address the issues which have led to challenges in delivering the Project, as set out in section four and five below;

4. **To Note** that Thurrock Council provided a verbal commitment to the SELEP Strategic Board in October 2019, to meet any shortfall in the funding for the Project and to ensure the Project is delivered. Written confirmation will be sought prior to the next Board meeting on 15 May 2020, to confirm that Thurrock Council has committed the additional funding required to deliver the Project.

8 M2 Junction 5 Report

The Board received a report from Howard Davies, SELEP Capital Programme Officer and a presentation from Steer the purpose of which was for the Board to consider the award of £1.6m Local Growth Fund (LGF) to contribute toward the delivery of the M2 Junction 5 (the Project).

The Board were advised that the scheme is subject to a Public Enquiry that is due to take place in March 2020.

Resolved:

1. **To Agree** the award of £1.6m to support the delivery of the Project identified in the Business Case and which has been assessed as presenting high value for money with high certainties of achieving this .This is subject to written confirmation being provided to SELEP Secretariat and Accountable Body by Kent County Council (KCC) to confirm:

1.1. the Secretary of State for Transport's approval of the Project following Public Inquiry; and;
1.2. the Highways England Project Business Case confirms that the Project presents high value for money, with a benefit cost ratio of over 2:1.

1.3. the full funding package is in place to deliver the Project.

2. **To Note** that LGF cannot be drawn down by KCC until the two funding conditions set out in 1. above have been satisfied.

3. **To Note** that if the two funding conditions set out in 1. above are not satisfied then the Board will agree to reallocate the funding to the next LGF project identified on the SELEP's LGF3b pipeline.

9 Innovation Park Medway Update Report

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

Rhiannon circulated an email dated 10 February from Highways England giving support and commitment to the project.

Richard Hicks, Deputy Chief Executive of Medway Council updated the Board on the project, giving assurances and advising that there had been a positive direction of travel with regards to progress with Highways England.

He asked for an amendment to recommendation 2.1.2 in the report in order to align Phases 2 and 3 funding.

The Board proceeded to discuss the issues including the challenges regarding the Local Development Order. The Board were sympathetic to the situation and felt that it was a it was a very important project.

Geoff Miles read out an email of support of the project from Richard Longman, Head of Policy from Thames Gateway Kent Partnership which stressed the importance of the project.

It was proposed that the proposed recommendations be amend accordingly.

Resolved:
1. **To Note** the update on the delivery of the Project;

2. **To Agree** that the Business Case for £1.519m Phase 3 LGF be brought forward for consideration by the Board on the 3rd July 2020 for a funding decision.

3. **To Agree** that by the Board meeting on the 3rd July 2020, Medway Council must:
3.1. demonstrate how the Phase 2 and Phase 3 Project meets the five conditions set out in 8.3 of the report; and
3.2. provide evidence that satisfactory progress has been made towards meeting the Project milestones, set out in Table 2 in the report; and
3.3. provide an update on the mitigation sought by Highways England and the extent to which this will impact the overall deliverability of the Project, as set out in section 6 of the report.

If the condition set out in 3.1 to.3.3 are not satisfied by 3 July 2020, the Board will be asked to consider the reallocation of the £3.7m LGF award to Phase 2 and £1.519m LGF to Phase 3.

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

10 A289 Four Elms roundabout update

The Board received a report from Helen Dyer, and a presentation from Steer, the purpose of which was for the Board the to receive an update on the delivery of the A289 Four Elms Roundabout to Medway Tunnel project (the Project).

Councillor Chambers advised the Board that should the grant funding application be unsuccessful, there would be nothing to fall back on in order to deliver the required housing needs. He stressed that this would be a message to Central Government that the much-needed housing would not be provided, which would have to be removed from the Local Plan.

It was felt by some members of the Board that should the Housing Infrastructure Fund (HIF) not be secured then the project should be considered a high priority for future funding opportunities should such opportunities arise.

Resolved:

1. **To Agree** that the £9.279m unspent LGF is reallocated through the LGF3b pipeline development process; and
2. **To Agree** that there is compelling justification for SELEP not to recover the £1.821m LGF spent on the Project to date; and
3. **To Agree** that should the HIF funding not be secured that the Project is

considered for future funding opportunities, should such funding opportunities become available.

11 **University of Essex Parkside LGF Funding Decision**

The Board received a report from Howard Davies, SELEP Capital Programme Officer and a presentation from Steer the purpose of which was for the Board to consider the award of up to £5m Local Growth Fund (LGF) to the delivery of the University of Essex Parkside Phase 3 development (the Project).

Resolved:

1. **To Agree** the award of £5m LGF to support the delivery of the Project identified in the Business Case and which has been assessed as presenting high value for money with high certainty of achieving this; subject to planning consent being secured for the delivery of the Project.

2. **To Note** that a comprehensive Benefits Realisation Plan will be expected prior to commencement of works

12 **Groundworks and Scaffolding Training Centre LGF funding decision**

The Board received a report from Howard Davies and a presentation from Steer, the purpose of which was to bring forward the revised scope of the Colchester Institute Groundworks and Scaffolding Training Centre (the Project) for consideration by the Board.

In response to a Member's question regarding the level of funding in question, it was confirmed that this had been considered by the Investment Panel and was beneficial and worthwhile.

Resolved:

1. **To Approve** the change of scope for the Project which has been assessed by the ITE as presenting high value for money with high certainty of achieving this.

2. **To Approve** the reduction of funding to be awarded to £50,000 LGF to support the delivery of the Project.

3. **To Note** that the remaining £50,000 will be returned to the LGF pot to be reallocated to the next project on the LGF3b pipeline.

13 **Queensway Gateway Road Project Update**

The Board received a report from Helen Dyer the purpose which was for the Board to receive an update on the delivery of the Queensway Gateway Road project (the Project).

Councillor Glazier explained the difficulties that had been encountered and confirmed that progress was being made which included the delivery of a temporary connection with the A21 in the Spring of 2020.

Resolved:
1. **To Note** the latest position on the delivery of the Project; and

2. **To Note** that the Board will be provided with a further update on the Project at its next meeting on 15th May 2020.

14 Bexhill Enterprise Park North Update

The Board received a report from Helen Dyer, SELEP Capital Programme Officer and Marwa Al-Qadi, Project Co-ordinator – East Sussex Growth, East Sussex County Council, the purpose of which was for the Board to receive an update on the delivery of the Bexhill Enterprise Park North project (the Project).

The Board were advised that it was unlikely that the planning appeal would be decided before June 2020.

Resolved:
1. **To Note** the latest position on the delivery of the Project;

2. **To Agree** to pause LGF spend on the delivery of the Project, beyond the £440,000 LGF already transferred to East Sussex County Council, until planning consent has been granted.

3. **To Agree** that a further update on the Project which confirms the outcome of the planning appeal should be provided to the Board at their meeting on 3rd July 2020.

15 Growing Places Fund Update

Geoff Miles left the room due to his previously made declaration of interest. This item was chaired by Rosemary Nunn.

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

Resolved:
1. **To Note** the updated position on the GPF programme.

2. **To Approve** the revised repayment schedule for the North Queensway project

3. **To Approve** the revised repayment schedule for the Workspace Kent project

4. **To Approve** the revised repayment schedule for the Eastbourne Fisherman's Quay and infrastructure development project

5. **To Note** the revised drawdown schedule for the Eastbourne Fisherman's Quay and infrastructure development project

6. **To Note** the removal of the Discovery Park project from the GPF programme

7. **To Note** the increase in GPF funding available for reallocation through GPF Round 3

16 SELEP Operations Update

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

The Board discussed the issues gender representation on the Strategic Board and that the requirement for one third female representation may not be achieved.

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Resolved:

1. **To Note** the risk register at Appendix A and the update included in the report;

2. **To Note** the update on the LEP Review and Assurance Framework; and

3. **To Note** the update on the Annual Performance Review.

17 SELEP Finance Update

The Board received a report from Lorna Norris, Senior Finance Business Partner the purpose of which was for the Board to consider the latest financial forecast position for the SELEP Revenue budget for 2019/20.

A further update report will be brought back to the Board on the 15th May 2020.

Resolved:

To Note the half year forecast revenue outturn position for 2019/20 of an underspend of £826,000.

18 A28 Sturry Link Road Update

The Board received a report (Appendix 1 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.

Councillor Gough expressed his favour for option 2 in the report. He explained the situation regarding the planning issues and requested that the date in Option 2 be amended to meeting of the Board on 15 May 2020.

Resolved:

1. **To Agree** that £4.791m unspent LGF will be automatically reallocated to the LGF3b pipeline if planning consent is not secured by 15th May 2020 for:

1.1 the Broad Oak Farm and Sturry development;

1.2 the Project itself.

19 Date of next meeting

The Board noted that the next meeting will take place on Friday 15th May 2020 at High House Production Park.

20 Any other business

Councillor Gough asked whether it was feasible for the NIAB LGF 3b project to come forward for consideration by the Accountability Board on the 3rd July 2020, as the project requires an urgent funding decision to enable the project to spend any LGF allocations by the end of the Growth Deal period.

Rhiannon explained that LGF funding decisions can only be brought forward to the Accountability Board when there is sufficient LGF funding available to support the award of funding to the project. However, it is possible for the project promoters to prepare their business case and for this to be assessed by the Independent Technical Evaluator so that should sufficient LGF be made available, the project will be ready to be considered by the Accountability Board.

On behalf of the Board, Councillor Glazier offered his thanks to Geoff Miles for all his hard work and the contribution that he has made during his Chairmanship.

There being no urgent business the meeting closed at 1.10pm

21 A28 Sturry Link Road Confidential Appendix 1

The Board considered A28 Sturry Link Road CONFIDENTIAL APPENDIX 1.

22 Hadlow College Update

The Board noted the Hadlow College update.

Chairman

Forward Plan reference number: FP/AB/266

Report title: Local Growth Fund Capital Programme Update	
Report to Accountability Board	
Report author: Rhiannon Mort, SELEP Capital Programme Manager	
Meeting Date: 3rd July 2020 **Date of report:** 15th June 2020	**For:** Decision
Enquiries to: Rhiannon Mort, Rhiannon.Mort@southeastlep.com	
SELEP Partner Authority affected: East Sussex, Essex, Kent, Medway, Thurrock and Southend	

1. Purpose of Report

1.1 The purpose of this report is for the Accountability Board (the Board) to consider the latest position of the Local Growth Fund (LGF) Capital Programme, as part of SELEP's Growth Deal with Government.

1.2 Specifically, this report reflects on delivery issues which have arisen as a result of the public health measures introduced in response to Covid-19 and the letter received from Central Government on the 13th May 2020.

1.3 In the letter, SELEP was informed that a review of LGF projects would be completed by Central Government over the Summer in advance of the final third of SELEP's LGF allocation for 2020/21 being confirmed. This puts at risk £25.958m LGF.

1.4 The information presented in this report was collated with local partners in May/June 2020 and presents an initial view of the COVID-19 impacts, project risks and overall programme risks. The situation will be kept under close review through update reports to the Board at each meeting, as Government advise changes and there is greater clarity as to the impacts of COVID-19 on the programme.

1.5 The report also sets out the provisional outturn position for 2019/20, reflecting the amended delivery programme across a number of projects, and the latest LGF spend forecast for 2020/21.

2. Recommendations

2.1. The Board is asked to:

2.1.1. **Note** the provisional total spend in 2019/20 of £65.004m LGF excluding DfT retained schemed and £98.607m including DfT retained schemes, as set out in Table 2.

2.1.2. **Agree** the updated total planned LGF spend in 2020/21 of £91.785m excluding DfT retained schemes and increasing to £118.430m including DfT retained schemes, subject to the final third of LGF being received from Central Government.

2.1.3. **Note** the deliverability and risk assessment, as set out in Appendix 2.

2.1.4. **Approve** the slippage of £12m LGF spend on Beaulieu Park Railway Station to 2025/26, as set out in Table 5.

2.1.5. **Note** the intention to present the outcome of MHCLG's review of LGF projects and detailed information on those projects forecasting LGF spend beyond 31 March 2021 to the Board and SELEP Ltd in October 2020.

3. LGF funding position

3.1. SELEP was due to receive £77.873m LGF from MHCLG in 2020/21. On 13 May 2020, MHCLG issued a formal letter to all LEPs across the UK to communicate their intention to pay only 2/3 of the LGF allocations which LEPs were due to receive in May 2020. A copy of the letter from MHCLG is made available in Appendix 4.

3.2. The review is intended to look at LEP's project pipeline, current and forecast position on contractual commitments, and consider how LEPs intend to manage their LGF spend during 2020/21, using its 'freedoms and flexibilities' awarded by MHCLG.

3.3. SELEP Secretariat submitted its response to the review on 17 June 2020, following a very short window of opportunity to complete the submission, with support from local authority partners. Within the response, SELEP provided confirmation of the expectation that all LGF would be fully committed by 3rd July 2020 through the approval of funding by this Board.

3.4. SELEP is now in the process of agreeing updated Service Level Agreements with each partner authority, under which LGF is transferred. This will help further demonstrate to Government the contractual commitment of LGF.

<u>LGF spend beyond 31 March 2021</u>

3.5. Whilst SELEP has sought clarification on numerous occasions around the implications of SELEP committing LGF spend beyond 31 March 2021, no formal response has been provided and as such, SELEP has developed its position based on the informal advice from officers in MHCLG.

3.6. From the reading of the formal letter there is now a clear expectation from MHCLG that LGF should be spent in full in 2020/21.

3.7. SELEP is not in a position to spend its LGF in full on LGF projects by the end of this financial year, as extensions to LGF spend beyond 31 March 2021 have previously been agreed by the Accountability Board and Strategic Board. Across the programme, £49.139m spend is currently programmed beyond 31 March 2021, including £42.740m MHCLG LGF and £6.399m LGF DfT retained scheme funding.

3.8. To demonstrate to Central Government that the LGF can be spent in full by the end of 2020/21, local authority partners have agreed to implement an “Option 4 capital swap”. This in affect means that at the end of 2020/21, any LGF which is forecast to be spent by partners beyond 31st March 2021 will be transferred to local authorities for spend in 2020/21 across their wider capital programme. In doing so, SELEP can report to Government the spend of the LGF in full in 2020/21. In future years, the equivalent value of LGF will be funded by the local authority, so the overall investment in the project remains the same.

3.9. The use of Option 4 capital swap mitigation reduces SELEP’s visibility of the investment. Whilst there are provisions within the Service Level Agreement to enable the SELEP Accountable Body to recover the funding if the LGF project is not delivered, it is strongly advised that the Board only permit the spend of LGF beyond 31st March 2021, using an Option 4 Capital Swap, where there is strong assurance/confidence of the projects delivery. This point is expanded on further in section 6 below.

Future LGF funding decisions

3.10. To date, the Accountability Board has approved the award of over £454.845m LGF funding to 97 projects (as set out in Appendix 1), excluding DfT retained schemes. In May 2020, only £51.915m was transferred by MHCLG, relative to the £77.873m LGF expected in 2020/21.This takes the total amount of MHCLG and DfT un-ringfenced funding received by Essex County Council, as the SELEP Accountable Body to £451.320m. As such, funding awarded by the Accountability Board now exceeds the total LGF received from Government by £3.525m.This figure excludes the funding decisions that were due to come forward to the Accountability Board that was postponed in May 2020 and also those planned for July 2020, as set out in Table 1 below.

3.11. At the Strategic Board meeting on 12 June 2020, it was recommended that £3.6m should be ‘borrowed’ from the Growing Places Fund to offset the funding gap, until the final third of LGF is confirmed. This decision is set out in the finance update, under agenda item 22.

3.12. There are a number of funding decisions to be made on 3 July 2020 for the projects listed in Table 1 below. The Board cannot agree to over commit the LGF programme, relative to the level of funding that has been confirmed by Central Government. As such, the following approach was endorsed by the Strategic Board on 12 June 2020:

"The Accountability Board can agree to award the funding to new projects, if the local authority can identify an alternative LGF project to accept a notional charge over the project, equivalent to the value of the new project, until the final third of funding is confirmed by Central Government. For example, for £4m LGF to be awarded to the Kent Medical School for spend in the next few months, KCC would put a £4m charge against an alternative LGF project, until the final third of funding is confirmed by Central Government.

"Where it is not possible to put a notional charge over an alternative LGF project or the local authority chooses not to pursue this option, the project can come forward to the Accountability Board for funding approval but the funding will be conditionate upon the final third of LGF being received from Central Government".

3.13. Within the funding decision reports for each of the projects listed in table 1, it is made clear whether (i) an alternative project has been identified by the respective local authority to accept a notional charge over, until the remaining third of funding having been confirmed, or (ii) the award of LGF is subject to the remaining third of LGF being confirmed by Central Government.

3.14. The "notional charge", in the context of this issue, refers to an existing LGF project being identified to offset the risk if the final third of LGF is not secured from Central Government. The identified project is a guarantee for the final third of the LGF funding. If the final third of LGF is not forthcoming from Central Government, the LGF allocation to the project, which is accepting the charge, will reduce by the value of the notional charge.

3.15. The principles of the "notional charge", where a local authority identifies another project that will guarantee the final third of the LGF for a specific project, is not set out within the SLA but will be agreed by the local authority delivering the project through their internal decision-making process and is set out in the reports to the Accountability Board. The reports propose for the Board to agree that the LGF allocation to an existing LGF project, which accepts a notional charge and is providing the guarantee, will reduce, by the value of the charge, if the final third of LGF is not forthcoming.

3.16. If the final third of LGF is not forthcoming a further update will be provided to the Board to set out the implications for those projects impacted, as a reduced LGF allocation could impact the overall deliverability of those projects.

3.17. If the remaining third of LGF is not received, in full, from Central Government and/or concerns are raised in relation to specific LGF projects, this will be brought to the attention of both the Strategic Board and Accountability Board. In the case of only part of the final third by LGF being confirmed, the Strategic Board will be asked to agree which projects should be prioritised for this funding.

Table 1 – LGF projects due to receive funding decision from Accountability Board (not in ranked order)

Forthcoming LGF funding decisions	LGF value
Kent and Medway Medical School Tranche 2	£4,000,000
Southend Town Centre Tranche 2	£632,292
A13 widening – additional funding	£8,942,400
New Construction Centre, Chelmsford College	£1,295,200
Basildon Innovation Warehouse	£870,000
Innovation Park Medway Phase 3	£1,518,500
Eastbourne Fisherman's Quay and Infrastructure Development	£1,080,000
Exceat Bridge, Eastbourne	£2,110,579
Kent Strategic Congestion Management 2020/21 allocation	£300,000
NIAB - EMR	£1,683,600
Total	**£22,432,571**
Funding decision is also expected in September 2020 for the A127 Fairglen Interchange project, but this funding decision will be made by the Secretary of State and is therefore excluded from the list above, as the funding is ringfenced.	

4. LGF spend forecast in 2019/20

4.1. An update on LGF spend in 2019/20 has been provided by local partners, following the end of the last financial year. Appendix 2 sets out the changes to LGF forecast spend for individual projects and the slippage of LGF from 2019/20 to 2020/21.

4.2. At the outset of 2019/20, the planned LGF spend was £79.503m, excluding DfT retained schemes and increasing to £107.314m including retained schemes.

4.3. Through 2019/20 several new LGF3b projects have been added to the programme, increasing LGF spend. On the other hand, there have been projects removed from the programme and project delays, which have resulted in a net decrease in LGF spend in 2019/20.

4.4. The provisional outturn position indicates that LGF spend in 2019/20 totalled £65.004 LGF excluding DfT retained schemes and £98.607 including DfT retained schemes. This presents a net variance of £8.707m relative to the planned LGF spend at the outset of the financial year (including DfT retained schemes).

Table 2 LGF spend 2019/20

LGF (£m)	Planned LGF spend in 2019/20*	Total forecast spend in 2019/20 (as reported in January 2020)	Total LGF spend in 2019/20 (as reported in May 2020)	Variance (between planned and updated forecast May 2020)	Forecast LGF spend relative to planned spend in 2019/20* (%)	Additional spend/slippage identified for 2019/20 since the last board meeting	Additional spend/slippage previously considered by the Board
East Sussex	9.346	9.348	7.798	-1.548	83.4%	-1.550	0.002
Essex	15.210	18.844	16.328	1.118	107.3%	-2.517	3.634
Kent	18.289	18.527	15.687	-2.602	85.8%	-2.840	0.238
Medway	16.555	6.185	5.046	-11.509	30.5%	-1.139	-10.370
Southend	15.693	13.434	11.551	-4.142	73.6%	-1.883	-2.259
Thurrock	4.410	8.641	8.595	4.185	194.9%	-0.046	4.231
Skills	0.000	0.000	0.000	0.000	-	0.000	0.000
M20 Junction 10a	0.000	0.000	0.000	0.000	-	0.000	0.000
LGF Sub-Total	79.503	74.979	65.004	-14.499	81.8%	-9.975	-4.524
Retained	27.811	34.780	33.603	5.792	120.8%	-1.177	6.969
Total Spend Forecast	107.314	109.760	98.607	-8.707	91.9%	-11.152	2.445

*Variance between the total planned spend in 2019/20 as reported at outset of the 2019/20 financial year and the total LGF spend in 2019/20, as reported in May 2020.

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

5. LGF spend forecast 2020/21

5.1. The LGF spend forecast has been updated to take account of (i) the slippage of LGF from 2019/20 to 2020/21 reported following the end of the last financial year and (ii) the slippage of projects beyond the Growth Deal, which may in part, reflect project delays experienced due to the COVID-19 pandemic. The forecast spend profile set out in Table 3 below assumes that the remaining LGF is received from MHCLG.

5.2. The forecast LGF spend in 2020/21, on LGF projects, now totals £91.785m LGF, excluding DfT retained schemes and £118.430m LGF including DfT retained schemes.

5.3. There is likely to be further slippage of LGF spend beyond 31 March 2021 if the final third of LGF is not confirmed in short order. Scheme promoters may decide to pause activities and not proceed at risk until the final third of LGF is confirmed by Central Government.

Table 3 - LGF spend in 2020/21 and beyond Growth Deal period

LGF (£m)						
	LGF spend to end of 2019/20	LGF spend 2020/21	LGF spend 2021/22	LGF spend 2022/23 onwards	Total	% LGF allocation spent to date
East Sussex	61.933	8.390	9.739	2.214	82.275	75.27%
Essex	78.642	12.791	5.862	12.000	109.295	71.95%
Kent	87.767	28.118	10.755	0.000	126.640	69.30%
Medway	21.357	9.734	1.349	0.000	32.440	65.84%
Southend	25.299	13.649	0.362	0.000	39.310	64.36%
Thurrock	26.080	19.103	0.460	0.000	45.643	57.14%
Skills	21.975	0.000	0.000	0.000	21.975	100.00%
M20 Junction 10a	19.700	0.000	0.000	0.000	19.700	100.00%
Sub-total	342.752	91.785	28.527	14.214	477.278	
DfT Retained	68.614	26.645	6.399	0.000	101.658	
Total spend forecast	411.367	118.430	34.925	14.214	578.935	

6. LGF spend beyond the Growth Deal period

6.1. At the last Strategic Board meeting, given the substantial impact of COVID-19 on the delivery of LGF projects, the Strategic Board agreed to extend the Growth Deal period to 30 September 2021.

6.2. Whilst MHCLG has made clear its expectation that LGF is spent in full in 2020/21, there are no conditions within the Grant Determination Letter from MHCLG which prohibit the spend of LGF beyond 31 March 2021. As such, SELEP intends to use Option 4 capital swaps to demonstrate LGF spend in full by the end of the Growth Deal where there are no substantial (Red) rated risks identified for the future delivery of the Project.

6.3. To ensure SELEP is fulfilling its responsibilities in overseeing the appropriate use of public funds, it is not recommended that Option 4 capital swaps should be applied, where there is a high risk to the project, such as issues in securing planning consent or where match funding contributions have not been confirmed.

6.4. To inform the Board's decision making on which project should be approved for LGF spend beyond the Growth Deal and receive their remaining LGF allocation at the end of Q4 2020/21, the outcome of the MHCLG review and more detailed project information will be presented to SELEP Ltd in October 2020.

6.5. For those projects seeking a funding decision at this meeting, the approval of LGF spend beyond the Growth Deal remains subject to the Board agreeing that five specific conditions have been met. These five conditions include projects demonstrating:

6.5.1. A clear delivery plan with specific delivery milestones and completion date having been agreed by the Board;

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

6.5.3. All funding sources are 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;

6.5.4. Endorsement from the SELEP Strategic Board that the funding should be retained against the project beyond the Growth Deal period; and

6.5.5. Contractual commitments being in place with construction contractors by the end of the Growth Deal period for the delivery of the project

6.6. It is currently expected that £49.139m LGF will be spent beyond 31 March 2021, against the 20 projects listed in Table 4 below. There is a risk that further LGF slippage beyond the Growth Deal will be identified over the coming months as a result of the COIVD-19 pandemic slowing project delivery.

Table 4 – Projects with forecast LGF spend beyond 31 March 2021

LGF spend beyond March 2021 (£m)										
Project Name	LGF spend to end of 2019/20	2020/21	2021/22	2022/23	2023/24 and beyond	All Years	LGF approved to date	% LGF spend to date	% LGF spend by end of the Growth Deal	Overall RAG rating
Hailsham/Polegate/Eastbourne Movement and Access Package	1.391	0.135	0.574			2.100	2.100	66.24%	72.67%	3
Eastbourne and South Wealden Walking and Cycling LSTF package	4.047	0.935	1.618			6.600	6.600	61.32%	75.48%	4
Hastings and Bexhill Movement and Access Package	2.617	2.204	2.600	1.579		9.000	9.000	29.08%	53.57%	4
Eastbourne town centre LSTF access & improvement package	5.095	0.300	2.605			8.000	8.000	63.69%	67.44%	4
Skills for Rural Businesses Post-Brexit	0.384	1.034	1.500			2.918	2.918	13.16%	48.59%	3
Churchfields Business Centre	0.192	0.208	0.100			0.500	0.500	38.40%	80.00%	2
Exceat Bridge Replacement	0.000	0.734	0.742	0.635		2.111		0.00%	34.78%	4
Beaulieu Park Railway Station	0.000	0.000	0.000		12.000	12.000	12.000	0.00%	0.00%	5
A127/A130 Fairglen Improvements and interchange new link road	3.376	13.997	3.862			21.235	21.235	8.83%	81.81%	4
University of Essex Parkside (Phase 3)	0.000	3.000	2.000			5.000	5.000	0.00%	60.00%	2
Kent Strategic Congestion Management programme	2.779	1.621	0.300			4.700	4.400	59.13%	93.62%	3
Maidstone Integrated Transport	3.564	3.336	2.000			8.900	8.900	40.05%	77.53%	4
A28 Sturry Link Road	1.109	1.061	3.730			5.900	5.900	18.80%	36.78%	5
Thanet Parkway	0.000	9.275	4.725			14.000	14.000	0.00%	66.25%	4
IPM (Rochester Airport - phase 2)	0.570	1.900	1.230			3.700	3.700	15.41%	66.76%	5
IPM 2 (Rochester Airport - phase 3)	0.000	1.400	0.119			1.519		0.00%	92.20%	5
Southend Central Area Action Plan (SCAAP) - Transport Package	3.638	3.000	0.362			7.000	7.000	51.97%	94.83%	3
Tilbury Riverside	0.029	1.871	0.460			2.360	2.360	1.23%	80.51%	2
A127 The Bell	1.216	0.385	2.699			4.300	4.300	28.29%	37.24%	2
A127 Essential Bridge and Highways Maintenance - Southend	1.700	2.600	3.700			8.000	8.000	21.25%	53.75%	2
Total	**31.708**	**48.996**	**34.925**	**2.214**	**12.000**	**129.842**	**125.913**			

7. Beaulieu Park, Essex – Recommendation for Approval of Slippage

7.1. Beaulieu Park project was awarded £12m LGF by the Board in February 2019. The LGF provides a part contribution towards the £164.8m total project cost. The majority of the project cost will be met through the MHCLG Housing Infrastructure Fund (HIF), along with funding from Essex County Council (ECC) and developer contributions.

7.2. ECC are currently progressing the formal governance processes required to enter into contract with MHCLG for the HIF.

7.3. At the time of the LGF being awarded to the project, the Board were made aware that a majority of the LGF would not be spent until after the Growth Deal, as set out in Table 5 below. The project has previously demonstrated that it meets the conditions set out in 6.5.1 – 6.5.4 but is not able to provide evidence of a contractual commitment being in place with construction contractors by the end of the Growth Deal period for the delivery of the project.

7.4. The project itself is not due to complete until March 2026 and whilst there will be considerable costs incurred in developing the project, the majority of spend will not be until the construction phase; between April 2023 and March 2026.

7.5. The HIF is due to be spent by the end of 2023/24. As this is not feasible, based on the spend profile for Beaulieu Park project, formal approval will be sought from HMG Treasury to extend HIF spend to March 2025. As a result of the need to maximise HIF spend earlier in the project programme, ECC have brought forward a request for the LGF to be spent at the tail-end of the project, between March 2025 and December 2025.

7.6. As ECC are due to enter into contract with MHCLG prior to the next Board meeting and the proposed review of LGF spend beyond the Growth Deal in October, as set out in section 6.4 above, a decision is sought from the Board to agree the amended LGF spend profile for the Beaulieu Park project.

Table 5 – Change to LGF spend profile for Beaulieu Park Railway Station

	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m	Total £m
Originally LGF spend profile	2.73	1.31	7.96	0.00	0.00	0.00	12.00
Updated LGF spend profile	0.00	0.00	0.00	0.00	0.00	12.00	12.00
Variance	-2.73	-1.31	-7.96	0.00	0.00	12.00	0.00

8. Unallocated LGF

8.1. Through the changes agreed to LGF projects at the last Board meeting and the return of £100,000 from the Kent Strategic Congestion Management Programme (KSCMP), as set out under agenda item 10, there is currently

£1,683,600 unallocated LGF available, if the final third of LGF is received from MHCLG.

8.2. There are two projects remaining on the LGF pipeline which, include the Queens Street Grow on Space (£3.777m LGF ask), Colchester and NIAB horticultural and agricultural research institute, Kent (£1.750m LGF ask).

8.3. At the Strategic Board meeting on 12 June 2020, an amendment to the ranked order of the pipeline was agreed so that NIAB project would be next in line to proceed for a funding decision. The amount of unallocated LGF does not exactly match with the amount of LGF sought for the NIAB project, but the project is considered under agenda item 15.

8.4. There is currently insufficient funding available for the Colchester Grow-on-space project to proceed, but the business case has been reviewed through the first stage of the ITE process and work is underway locally to consider whether the project is in a position to proceed, if the funding becomes available.

9. Deliverability and Risk of projects

9.1. Appendix 2 sets out a delivery update and risk assessment for all projects included in the LGF programme. This provides a detailed breakdown of the delivery progress for each LGF project, relative to the expected completion dates as set out in the original business cases. A total of 42 projects have been completed to date.

9.2. The summary project risk assessment position is set out in Table 6 below. A score of 5 represents high risk (Red) whereas a score of 1 represents low risk (Green).

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

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

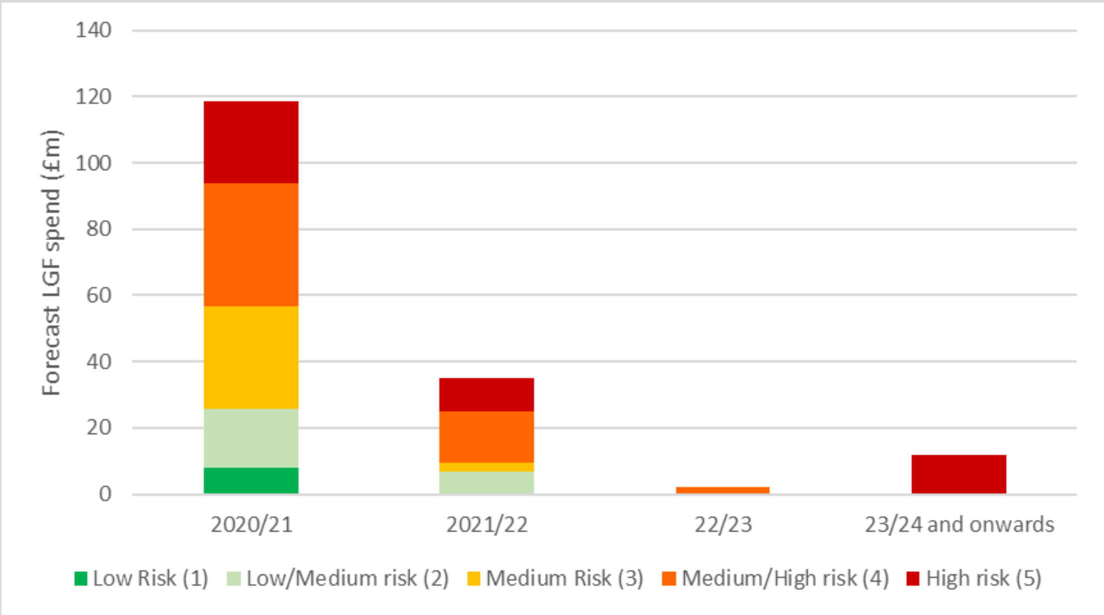
To ensure consistency with MHCLG guidance on the assessment of LGF project deliverability risk, all projects with a greater than 3 month delay are shown as having a risk of greater than 4 (Amber/Red), unless the project has now been delivered and there is no substantial impact on the expected project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

9.3.2. **Finances** – considers changes to project spend profiles and project budget. SELEP has considered the certainty of match funding contributions, and changes to spend in 2019/20 between the planned spend (agreed with the Board at the outset of the financial year) and the total spend for 2019/20.

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

9.4. Since the last Board meeting, the number high risk projects (risk score of 5) has increased from five to nine.

Table 6 LGF project risk



Score	Number of projects
Low Risk - 1	47
Low/Medium Risk - 2	18
Medium Risk - 3	24
Medium/High Risk - 4	12
High Risk - 5	9
Total	110

9.5. Nine projects have been identified as having a high overall 'red' project risk (overall risk score of 5). These projects include:

- **Queensway Gateway, East Sussex (£10.0m LGF)** – update provided under agenda item 17

- **Bexhill Enterprise Park North, East Sussex (£1.94m LGF)** – update provided under agenda item 18.

- **Beaulieu Park (£12m LGF)** – update provided in section 7 of this report.

- **M11 Junction 8 (£2.734m LGF)**

The project has been awarded £2.734m LGF, of which £2.4m LGF has been spent to date. A tender process has been completed to appoint the main construction contractor, but the received tender costs exceed the current project budget. The project budget is therefore under internal review by Essex County Council.

Should Essex County Council decide not to proceed with the delivery of the project, the £2.4m LGF spent to date on the project will become an abortive cost and will need to be repaid to SELEP.

- **A28 Chart Road, Kent (£2.756m LGF)**

  The delivery of the A28 Chart Road scheme in Ashford is currently on hold following the failure of the developer to provide the security bond required for Kent County Council to forward fund the delivery of the scheme. In June 2019, the Board agreed to reallocate the unspent LGF allocation to this project. This funding has been reinvested through the LGF3b process. The project remains under review to ensure that the £2.756m LGF spend on the project to date remains a capital cost.

- **A28 Sturry Link Road, Kent (£5.9m)** - A full project update is provided under item 16.

- **Innovation Park Medway (Phase 2)** - A full project update is provided under agenda item 14.

- **Innovation Park, Medway Phase 3** – as above

- **A13 Widening, Thurrock** - update is provided under agenda item 13.

10. LGF Programme Risks

10.1. In addition to project specific risks, the following LGF programme risks have been identified. This includes consideration for the emerging risks as a result of the impacts of COVID-19 on LGF projects. Further details of the issues and risk impacting projects as a result of COVID-19 is set out in Appendix 3.

LGF allocation from Central Government in 2020/21

Risk: As set out in section 3, there is now a substantial risk to SELEP receiving the final third of LGF (£25.958m) allocated to SELEP in 2020/21.

Mitigation: The mitigation to address this risk, is set out in section 3, and includes:
- Use of Option 4 Capital Swap to demonstrate SELEP's ability to spend the LGF in 2020/21;
- Update Service Level Agreements for the transfer of LGF from the SELEP Accountable Body to local partners. Whilst this was a required action following

SELEP having been established as a Ltd Company, it will also strengthen our ability to demonstrate to Government the contractual commitment of funding;
- Ensure the amount of funding approved by the Board does not exceed the amount of funding available to SELEP; and
- Lobbying activity, to set out the case for the remaining third of LGF to be secured.

Affordability of LGF projects

Risks: As set out in appendix 3, 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.

Mitigation: 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. A review of all projects will be completed for consideration by the Strategic Board in October 2020.

Resource to deliver LGF projects

Risk: 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.

Mitigation: 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.

Supply Chain Risk

Risk: Private sector companies within the supply chain may be vulnerable to the current economic situation. If companies go into financial difficulty or liquidation, this will impact project delivery timescales and costs.

Mitigation: 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.

Failure of third-party organisations to deliver LGF projects

Risk: 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.

Mitigation: 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.

LGF spend within Growth Deal period

Risk: Based on the current LGF spend forecast, SELEP is now forecasting £49.139m LGF spend beyond the original Growth Deal deadline of 31 March 2021. As per section 3 of the report, there are clear expectations from MHCLG for the LGF to be spent in LGF in 2020/21. If SELEP is unable to demonstrate spend of LGF in full in 2020/21, this will increase the risk to the final third of SELEP's LGF allocation in 2020/21.

Mitigation: 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.

As set out in section 3 above, 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.

Delivery of LGF project benefits

Risk: 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.

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.

Mitigation: 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.

For any new LGF funding decisions brought forward for the Boards consideration, 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.

11. Financial Implications (Accountable Body comments)

11.1. 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 received £51.915m two thirds of funding allocation in May 2020, however confirmation from MHCLG of the final third of LGF for £25.958m, which has been allocated to SELEP in 2020/21 has not been received.

11.2. In the event that the LGF allocation for 2020/21 that is currently subject to review by the MHCLG, is not confirmed for receipt, the Board will need to ensure that it does not approve funding in excess of the total value to be received.

11.3. Any spend by Scheme Promotors 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.

11.4. The use of “Option 4 capital swap” as discussed in section 3 (LGF spend beyond 31 March 2021) of this report is permissible under the SLA’s in place between ECC as Accountable Body and the local authority partners. Written confirmation from the S151 officer for each Local Authority that they are comfortable with the proposed approach to apply the option 4 LGF capital swap as required at the end of 2020/21, has been received.

11.5. The application of Option 4 capital swap will be subject to an Accountability Board Decision.

11.6. 11.6 At Strategic Board on 12 June it was endorsed to use the placement of a “notional charge” against an existing LGF project, equivalent to the value of the new project, to offset the risk if the final third of LGF is not secured from Central Government. This allows new funding decisions to come forward and progress in advance of the final third of LGF being confirmed and received. It should be noted that there is a risk by adopting this approach over the future of the existing LGF project put forward to receive the charge. If the final third of LGF is not confirmed or only part is confirmed there is a risk to future funding and delivery of the existing LGF project, which is to be managed by the local authority partner for that project.

11.7. 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.

11.8. 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 £56.652m; in addition, slippage in excess of £42.740m (excluding DfT programmes) is already reported into 2021/22 (based on the assumption that the final third of LGF £25.958m, will be confirmed and received from MHCLG).

11.9. .

11.10. 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.

11.11. Should the funding not be utilised in accordance with the conditions, the Government may request return of the funding, or withhold future funding streams.

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

9 Legal Implications (Accountable Body comments)

9.7 There are no legal implications arising from this report.

10 Equality and Diversity implication

10.7 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.

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

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

11 List of Appendices

12.1 Appendix 1 - LGF spend forecast update
12.2 Appendix 2 - Project deliverability and risk update
12.3 Appendix 3 – COVID-19 impact on project delivery

12.4 Appendix 4 – Letter from MHCLG, dated 13 May 2020

12 List of Background Papers

13.1 None

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

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

Appendix A LGF forecast spend profile

SELEP number	Project Name	LGF approved to date	2015/16 (total)	2016/17 (total)	2017/18 (Total)	2018/19 (Total)	2019/20 (Total)	LGF spend to end of 2019/20	2020/21 (Total)	2021/22 (Total)	2022/23	2023/24 and beyond	All Years	LGF transferred to date	% LGF spend to date	Overall RAG rating
East Sussex																
LGF00002	Newhaven Flood Defences	1.500	0.300	0.800	0.400	0.000	0.000	1.500	0.000				1.500	1.500	100.00%	1
LGF00023	Hailsham/Polegate/Eastbourne Movement and Access Transport scheme	2.100	0.000	0.000	0.254	0.000	1.137	1.391	0.135	0.574			2.100	1.391	66.24%	3
LGF00024	Eastbourne and South Wealden Walking and Cycling LSTF package	6.600	0.600	0.370	1.630	0.498	0.949	4.047	0.935	1.618			6.600	4.047	61.32%	4
LGF00036	Queensway Gateway Road	10.000	1.419	1.121	5.000	0.890	1.570	10.000	0.000				10.000	10.000	100.00%	5
LGF00066	Swallow Business Park, Hailsham (A22/A27 Growth Corridor)	1.400	0.505	0.895	0.000	0.000	0.000	1.400	0.000				1.400	1.400	100.00%	1
LGF00067	Sovereign Harbour (aka Site Infrastructure Investment)	1.700	0.530	1.170	0.000	0.000	0.000	1.700	0.000				1.700	1.700	100.00%	1
LGF00085	North Bexhill Access Road and Bexhill Enterprise Park	18.600	6.410	4.600	5.590	2.000	0.000	18.600	0.000				18.600	18.600	100.00%	1
LGF00042	Hastings and Bexhill Movement and Access Package	9.000	0.000	0.000	0.345	0.796	1.476	2.617	2.204	2.600	1.579		9.000	2.617	29.08%	4
LGF00043	Hastings and Bexhill LSTF walking and cycling package (combined with above scheme)		0.000	0.000												
LGF00044	Eastbourne town centre LSTF access & improvement package	8.000	0.000	0.550	0.245	3.700	0.600	5.095	0.300	2.605			8.000	5.095	63.69%	4
LGF00073	A22/A27 junction improvement package		0.000	0.000			0.000		0.000							
LGF00068	Coastal Communities Housing Intervention Hastings	0.667	0.000	0.000	0.667	0.000	0.000	0.667	0.000				0.667	0.667	100.00%	1
LGF00097	East Sussex Strategic Growth Project	8.200	0.000	0.000	3.550	4.300	0.350	8.200	0.000				8.200	8.200	100.00%	1
LGF00099	Devonshire Park	5.000	0.000	0.000	5.000	0.000	0.000	5.000	0.000				5.000	5.000	100.00%	1
LGF00108	Bexhill Enterprise Park North	1.940	0.000	0.000	0.000	0.000	0.440	0.440	1.500				1.940	0.440	22.68%	5
LGF00109	Skills for Rural Businesses Post-Brexit	2.918	0.000	0.000	0.000	0.000	0.384	0.384	1.034	1.500			2.918	0.384	13.16%	3
LGF00110	Churchfields Business Centre (previously known as Sidney Little Road Business I	0.500	0.000	0.000	0.000	0.000	0.192	0.192	0.208	0.100			0.500	0.192	38.40%	2
LGF00116	Bexhill Creative Workspace	0.960	0.000	0.000	0.000	0.000	0.700	0.700	0.260				0.960	0.700	72.92%	1
LGF00117	Exceat Bridge Replacement		0.000	0.000	0.000	0.000	0.000	0.000	0.734	0.742	0.635		2.111	0.000	0.00%	4
	Eastbourne Fisherman		0.000	0.000	0.000	0.000	0.000	0.000	1.080				1.080	0.000	0.00%	3
Essex																
LGF00004	Colchester Broadband Infrastructure	0.200	0.200	0.000	0.000	0.000	0.000	0.200	0.000				0.200	0.200	100.00%	1
LGF00025	Colchester LSTF	2.400	0.911	1.489	0.000	0.000	0.000	2.400	0.000				2.400	2.400	100.00%	1
LGF00026	Colchester Integrated Transport Package	5.000	1.527	0.673	1.400	1.400	0.000	5.000	0.000				5.000	5.000	100.00%	3
LGF00027	Colchester Town Centre	4.600	0.955	2.574	1.071	0.000	0.000	4.600	0.000				4.600	4.600	100.00%	1
LGF00028	TGSE LSTF - Essex	3.000	2.131	0.869	0.000	0.000	0.000	3.000	0.000				3.000	3.000	100.00%	1
LGF00031	A414 Pinch Point Package: A414 First Avenue & Cambridge Rd junction	10.487	5.870	2.130	2.000	0.487	0.000	10.487	0.000				10.487	10.487	100.00%	1
LGF00032	A414 Maldon to Chelmsford RBS	2.000	1.000	1.000	0.000	0.000	0.000	2.000	0.000				2.000	2.000	100.00%	1
LGF00033	Chelmsford Station / Station Square / Mill Yard	3.000	0.409	0.605	1.248	0.738	0.000	3.000	0.000				3.000	3.000	100.00%	1
LGF00034	Basildon Integrated Transport Package	6.586	1.633	0.000	0.000	0.750	4.203	6.586	0.000				6.586	6.586	100.00%	2
LGF00037	Colchester Park and Ride and Bus Priority measures	5.800	6.800	-1.000	0.000	0.000	0.000	5.800	0.000				5.800	5.800	100.00%	1
LGF00048	A131 Chelmsford to Braintree	3.660	0.000	0.000	1.396	1.104	1.160	3.660	0.000				3.660	3.660	100.00%	1
LGF00049	A414 Harlow to Chelmsford															
LGF00050	A133 Colchester to Clacton	2.740	0.000	0.000	0.000	0.525	1.821	2.346	0.394				2.740	2.740	85.62%	1
LGF00051	Marks Farm (formerly known as A131 Braintree to Sudbury)															
LGF00063	Chelmsford City Growth Area Scheme	10.000	0.000	0.000	1.000	2.500	4.000	7.500	2.500				10.000	7.500	75.00%	2
LGF00064	Chelmsford Flood Alleviation Scheme															
LGF00070	Beaulieu Park Railway Station	12.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000			12.000	12.000	0.000	0.00%	5
LGF00068	Coastal Communities Housing Intervention (Jaywick)	0.667	0.000	0.000	0.667	0.000	0.000	0.667	0.000				0.667	0.667	100.00%	1
LGF00095	Gilden Way Upgrading, Harlow	5.000	0.000	0.000	5.000	0.000	0.000	5.000	0.000				5.000	5.000	100.00%	2
LGF00098	Technical and Professional Skills Centre at Stansted Airport	3.500	0.000	0.000	2.000	1.500	0.000	3.500	0.000				3.500	3.500	100.00%	1
LGF00100	Innovation Centre - University of Essex Knowledge Gateway	2.000	0.000	0.000	1.000	1.000	0.000	2.000	0.000				2.000	2.000	100.00%	1
LGF00101	STEM Innovation Centre - Colchester Institute	5.000	0.000	0.000	0.100	2.153	2.747	5.000	0.000				5.000	5.000	100.00%	1
LGF00102	A127/A130 Fairglen Interchange new link road	6.235	0.000	0.000	0.000	1.700	0.176	1.876	0.497	3.862			6.235	2.373	30.09%	4
LGF00103	M11 Junction 8 Improvements	2.734	0.000	0.000	0.000	1.800	0.439	2.239	0.495				2.734	2.400	81.89%	5
LGF00105	Mercury Rising Theatre	1.000	0.000	0.000	0.000	0.000	1.000	1.000	0.000				1.000	1.000	100.00%	2
LGF00111	Basildon Digital Technologies Campus	2.150	0.000	0.000	0.000	0.000	0.000	0.000	2.150				2.150	0.000	0.00%	2
LGF00112	Colchester Institute training centre (Groundworks and scaffolding)	0.050	0.000	0.000	0.000	0.000	0.000	0.000	0.050				0.050	0.000	0.00%	2
LGF00113	USP College Centre of Excellence for Digital Technologies and Immersive Learnir	0.900	0.000	0.000	0.000	0.000	0.000	0.000	0.900				0.900	0.000	0.00%	3

Appendix A LGF forecast spend profile

SELEP number	Project Name	LGF approved to date	2015/16 (total)	2016/17 (total)	2017/18 (Total)	2018/19 (Total)	2019/20 (Total)	LGF spend to end of 2019/20	2020/21 (Total)	2021/22 (Total)	2022/23	2023/24 and beyond	All Years	LGF transferred to date	% LGF spend to date	Overall RAG rating
LGF00114	Flightpath Phase 2	1.422	0.000	0.000	0.000	0.000	0.782	0.782	0.640				1.422	1.422	55.01%	1
LGF00118	Basildon Innovation Warehouse		0.000	0.000	0.000	0.000	0.000	0.000	0.870				0.870	0.000	0.00%	2
LGF00119	University of Essex Parkside (Phase 3)	5.000	0.000	0.000	0.000	0.000	0.000	0.000	3.000	2.000			5.000	0.000	0.00%	4
LGF00125	New Construction Centre, Chelmsford		0.000	0.000	0.000	0.000	0.000	0.000	1.295				1.295	0.000	0.00%	2
Kent																
LGF00003	I3 Innovation Investment Loan Scheme	6.000	0.000	0.389	2.950	0.941	1.360	5.639	0.361				6.000	5.469	93.99%	2
LGF00006	Tonbridge Town Centre Regeneration	2.631	1.833	0.799	0.000	0.000	0.000	2.631					2.631	2.400	100.00%	1
LGF00007	Sittingbourne Town Centre Regeneration	2.500	0.345	2.155	0.001	0.000	0.000	2.500					2.500	2.500	100.00%	3
LGF00008	M20 Junction 4 Eastern Overbridge	2.200	0.488	1.712	0.000	0.000	0.000	2.200					2.200	2.200	100.00%	1
LGF00009	Tunbridge Wells Jct Improvement Package (formerly - A26 London Rd/ Speldhur	1.800	0.603	0.189	0.049	0.315	0.001	1.156	0.644				1.800	1.252	64.24%	4
LGF00010	Kent Thameside LSTF	4.500	2.051	0.480	0.720	0.252	0.286	3.789	0.711				4.500	3.719	84.20%	3
LGF00011	Maidstone Gyratory Bypass	4.600	0.704	3.724	0.171	0.000	0.000	4.600					4.600	4.600	100.00%	1
LGF00012	Kent Strategic Congestion Management programme	4.400	0.863	0.687	0.604	0.236	0.389	2.779	1.621	0.300			4.700	2.788	59.13%	3
LGF00013	Middle Deal transport improvements	0.800	0.000	0.800	0.000	0.000	0.000	0.800					0.800	0.800	100.00%	3
LGF00014	Kent Rights of Way improvement plan	1.000	0.193	0.056	0.137	0.177	0.335	0.899	0.101				1.000	0.759	89.91%	3
LGF00015	Kent Sustainable Interventions Programme	2.728	0.143	0.406	0.529	0.394	0.246	1.718	1.010				2.728	2.037	62.99%	3
LGF00016	West Kent LSTF	4.900	0.800	1.308	0.333	1.388	0.198	4.026	0.874				4.900	4.100	82.17%	3
LGF00017	Folkestone Seafront : onsite infrastructure and engineering works	0.541	0.533	0.008	0.000	0.000	0.000	0.541					0.541	0.500	100.00%	1
LGF00038	A28 Chart Road - on hold	2.756	0.885	0.984	0.887	0.000	0.000	2.756					2.756	2.756	100.00%	5
LGF00039	Maidstone Integrated Transport	8.900	0.000	0.265	1.114	0.668	1.517	3.564	3.336	2.000			8.900	3.047	40.05%	4
LGF00040	A28 Sturry Link Road	5.900	0.000	0.401	0.385	0.285	0.038	1.109	1.061	3.730			5.900	1.244	18.80%	5
LGF00053	Rathmore Road	4.200	1.562	2.638	0.000	0.000	0.000	4.200					4.200	4.200	100.00%	1
LGF00054	A28 Sturry Rd Integrated Transport Package (removed from programme)		0.022	0.005	0.056	0.000	-0.084									
LGF00055	Maidstone Sustainable Access to Employment	2.000	0.131	1.869	0.000	0.000	0.000	2.000					2.000	2.000	100.00%	1
LGF00059	Ashford Spurs	7.897	0.000	0.167	4.173	1.414	1.903	7.657	0.240				7.897	7.897	96.96%	1
LGF00041	Thanet Parkway	14.000	0.000	0.000	0.000	0.000	0.000	0.000	9.275	4.725			14.000	0.000	0.00%	4
LGF00058	Dover Western Dock Revival	5.000	0.000	4.915	0.085	0.000	0.000	5.000					5.000	5.000	100.00%	1
LGF00060	Westenhanger Lorry Park (removed from Programme)		0.000	0.000	0.000	0.000	0.000									
LGF00062	Folkestone Seafront (non-transport)	5.000	0.000	1.967	3.033	0.000	0.000	5.000					5.000	5.000	100.00%	1
LGF00072	A226 London Road/B255 St Clements Way	4.200	0.000	0.715	0.846	2.638	0.000	4.200					4.200	4.200	100.00%	1
LGF00068	Coastal Communities Housing Intervention (Thanet)	0.667	0.000	0.000	0.063	0.511	0.093	0.667					0.667	0.667	100.00%	3
LGF00086	Dartford Town Centre Transformation	4.300	0.000	0.000	0.000	0.522	2.732	3.254	1.046				4.300	2.882	75.67%	4
LGF00088	Fort Halsted (removed from programme)		0.000	0.000	0.000	0.000	0.000									
LGF00092	A2500 Lower Road	1.265	0.000	0.000	0.299	0.966	0.000	1.265					1.265	1.265	100.00%	1
LGF00093	Kent and Medway Engineering and Design Growth and Enterprise Hub	6.120	0.000	0.000	1.953	4.167	0.000	6.120					6.120	6.120	100.00%	2
LGF00096	A2 off-slip at Wincheap, Canterbury (removed from programme)		0.000	0.000	0.000	0.000	0.000									
LGF00094	Leigh Flood Storage Area	2.349	0.000	0.000	0.000	0.983	0.810	1.793	0.556				2.349	2.089	76.32%	3
LGF00106	Sandwich Rail Infrastructure	1.903	0.000	0.000	0.000	0.040	1.863	1.903					1.903	1.371	100.00%	3
LGF00120	M2 J5 improvements	1.600	0.000	0.000	0.000	0.000	0.000	0.000	1.600				1.600	0.000	0.00%	4
LGF00121	Kent and Medway Medical School	4.000	0.000	0.000	0.000	0.000	4.000	4.000	4.000				8.000	4.000	50.00%	2
	NIAB - EMR	0.000	0.000	0.000	0.000	0.000	0.000	0.000	1.684				1.684	0.000	0.00%	1
Medway																
LGF00018	A289 Four Elms Roundabout to Medway Tunnel Journey time and Network Impr	1.821	0.298	0.402	0.347	0.393	0.177	1.617	0.204				1.821	1.821	88.80%	3
LGF00019	Strood Town Centre Journey Time and Accessibility Enhancements	8.600	0.200	1.772	0.944	1.384	3.172	7.471	1.129				8.600	8.600	86.88%	3
LGF00020	Chatham Town Centre Place-making and Public Realm Package	4.200	0.870	0.945	0.881	0.747	0.756	4.200					4.200	4.200	100.00%	1
LGF00021	Medway Cycling Action Plan	2.500	0.228	1.150	0.919	0.203	0.000	2.500					2.500	2.500	100.00%	1
LGF00022	Medway City Estate Connectivity Improvement Measures	2.200	0.300	0.181	0.021	0.061	0.058	0.621	1.579				2.200	1.054	28.24%	3
LGF00061	Rochester Airport - phase 1	4.400	0.000	0.179	0.182	0.104	0.412	0.877	3.523				4.400	2.154	19.93%	4
LGF00089	IPM (Rochester Airport - phase 2)	3.700	0.000	0.000	0.000	0.099	0.471	0.570	1.900	1.230			3.700	0.387	15.41%	5
LGF00091	Strood Civic Centre - flood mitigation	3.500	0.000	0.000	1.122	2.378	0.000	3.500					3.500	3.500	100.00%	1

Appendix A LGF forecast spend profile

SELEP number	Project Name	LGF approved to date	2015/16 (total)	2016/17 (total)	2017/18 (Total)	2018/19 (Total)	2019/20 (Total)	LGF spend to end of 2019/20	2020/21 (Total)	2021/22 (Total)	2022/23	2023/24 and beyond	All Years	LGF transferred to date	% LGF spend to date	Overall RAG rating
LGF00122	IPM 2 (Rochester Airport - phase 3)		0.000	0.000	0.000	0.000	0.000	0.000	1.400	0.119			1.519	0.000	0.00%	5
Southend																
LGF00005	Southend Growth Hub	0.720	0.018	0.702	0.000	0.000	0.000	0.720					0.720	0.720	100.00%	1
LGF00107	Southend Forum 2	6.000	0.000	0.000	0.000	0.470	0.668	1.138	4.862				6.000	1.438	18.97%	1
LGF00029	TGSE LSTF - Southend	1.000	0.800	0.200	0.000	0.000	0.000	1.000					1.000	1.000	100.00%	1
LGF00045	Southend Central Area Action Plan (SCAAP) - Transport Package	7.000	0.000	0.767	1.211	1.011	0.650	3.638	3.000	0.362			7.000	3.542	51.97%	3
LGF00057	London Southend Airport Business Park Phase 1 and 2 (including Southend and	23.090	0.000	2.366	2.076	4.127	10.234	18.803	4.287				23.090	20.412	81.43%	3
LGF00115	Southend Town Centre Interventions	0.868	0.000	0.000	0.000	0.000	0.000	0.000	1.500				1.500	0.200	0.00%	2
Thurrock																
LGF00030	TGSE LSTF - Thurrock	1.000	0.569	0.162	-0.015	0.160	0.125	1.000	0.000				1.000	1.000	100.00%	1
LGF00046	Thurrock Cycle Network	5.000	0.000	0.096	2.384	2.520	0.000	5.000	0.000				5.000	5.000	100.00%	1
LGF00047	London Gateway/Stanford le Hope	7.500	0.000	0.663	1.592	2.514	1.844	6.613	0.887				7.500	7.500	88.17%	3
LGF00052	A13 Widening - development	5.000	0.000	2.708	0.000	2.292	0.000	5.000	0.000				5.000	5.000	100.00%	1
LGF00056	Purfleet Centre	5.000	0.000	0.645	1.000	0.196	3.159	5.000	0.000				5.000	5.000	100.00%	2
LGF00104	Grays South	10.840	0.000	0.000	0.000	0.000	3.438	3.438	7.402				10.840	3.700	31.71%	3
LGF00123	Tilbury Riverside	2.360	0.000	0.000	0.000	0.000	0.029	0.029	1.871	0.460			2.360	0.010	1.23%	2
	A13 widening - additonal funding							0.000	8.942				8.942	0.000		5
Managed Centrally																
LGF00001	Skills	21.975	9.923	11.980	0.071		0.000	21.975					21.975	21.975	100.00%	1
LGF00071	M20 Junction 10a	19.700			8.300	11.400	0.000	19.700					19.700	19.700	100.00%	1
Sub-total		454.845	55.563	69.405	78.983	73.797	65.004	342.752	91.785	28.527	2.214	12.000	477.278			

	2015/16	2016/17	2017/18	2018/19	2019/20	LGF spend to end of 2019/20	2020/21	2021/22	2022/23	2023/24 and beyond	All Years
Funding received from MHCLG + unringfenced DfT funding	69.450	82.270	92.088	91.739	63.857		51.915				451.320
LGF slippage 2015/16 to 2016/17	13.887										25.958
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					56.652						
Forecast LGF slippage 2020/21 to 2021/22							16.782				
Forecast LGF slippage 2021/22 onwards								-11.744	-2.214	-12.000	-25.958

DfT Retained schemes (funding is ringfenced under separate Grant Determination Letters from the Department for Transport)

SELEP number	Project Name	LGF approved to date	2015/16 (total)	2016/17 (total)	2017/18 (Total)	2018/19 (Total)	2019/20 (Total)	LGF spend to end of 2019/20	2020/21 (Total)	2021/22 (Total)	2022/23	2023/24 and beyond	All Years	LGF transferred to date	% LGF spend to date	Overall RAG rating
LGF00079	A127 Fairglen Junction Improvements	1.500	0.000	0.000	0.000	0.000	1.500	1.500	13.500				15.000	1.500	10.00%	4
LGF00080	A127 Capacity Enhancements Road Safety and Network Resilience (ECC)	4.000	0.513	3.487	0.000	0.000	0.000	4.000	0.000				4.000	4.000	100.00%	1
LGF00081	A127 Kent Elms Corner	4.300	0.500	2.389	1.411	0.000	0.000	4.300					4.300	4.300	100.00%	2
LGF00082	A127 The Bell	4.300	0.000	0.000	0.000	0.369	0.847555	1.216446	0.385000	2.698554			4.300	1.201	28.29%	2
LGF00083	A127 Essential Bridge and Highway Maintenance - Southend	8.000	0.400	0.289	0.311	0.427	0.273246	1.700000	2.600000	3.700000			8.000	2.050	21.25%	2
LGF00084	A13 Widening	66.058	0.000	0.000	13.408	11.507	30.982182	55.897694	10.159906				66.058	50.298	84.62%	4
Sub-total		88.158	1.413	6.165	15.130	12.303	33.602983	68.614140	26.644906	6.398554	0.000	0.000	101.658			

Appendix 2- Local Growth Fund Delivery and Risk

Project	Deliverability								Financial					LGF spend 2019/20					
	Accountability Board approval	Delivery Status	Expected completion date (as stated in Business Case)	Expected completion date (as reported in Jan 2020)	Expected completion date (June 2020)	Months delay incurred (since original business case)	Months delay incurred (since last update)	Deliverability RAG rating (June 2020)	LGF allocation	LGF spend to date Up to end of 2019/20 (£m)	LGF spend to date Up to end of 2019/20	LGF spend to date (%) Up to end of 2019/20	LGF planned spend in 2019/20 (£m)	LGF planned spend in 2019/20	Actual LGF spend 2019*	Difference **	Financials RAG rating (June 2020)	Reputational risk RAG rating (June 2020)	Overall (June 2020)
East Sussex																			
Newhaven Flood Defences	Jun-15	Construction in progress	01/02/2020	01/02/2020	01/02/2020	0	0	1	£1,500,000	£2	£1,500,000	100%	0.000000	£0	£0	£0	1	1	1
Hailsham, Polegate and Eastbourne Movement and Access Transport scheme	Feb-17	Design in progress	01/03/2020	01/03/2020	01/12/2021	21	21	5	£2,100,000	£1	£1,391,000	66%	1.782000	£1,782,000	£1,137,000	-£645,000	3	1	3
Eastbourne and South Wealden Walking and Cycling LSTF package	Nov-15 and Feb-19	Construction in progress	01/03/2021	01/03/2021	01/08/2021	5	5	3	£6,600,000	£4	£4,047,000	61%	1.779000	£1,779,000	£949,000	-£830,000	3	1	4
Queensway Gateway Road	Mar-15	Construction in progress	01/03/2016	01/03/2021	01/03/2021	60	0	5	£10,000,000	£10	£10,000,000	100%	0.000000	£0	£1,570,000	£1,570,000	3	5	5
Swallow Business Park, Hailsham	Feb-16	LGF project delivered	01/03/2017	01/03/2017	01/03/2017	0	0	1	£1,400,000	£1	£1,400,000	100%	0.000000	£0	£0	£0	1	1	1
Sovereign Harbour	Feb-16	LGF project delivered	01/03/2017	01/03/2017	01/03/2017	0	0	1	£1,700,000	£2	£1,700,000	100%	0.000000	£0	£0	£0	1	1	1
North Bexhill Access Road and Bexhill Enterprise Park	Nov-15	LGF project delivered	01/03/2018	01/12/2018	20/12/2018	0	0	1	£18,600,000	£19	£18,600,000	100%	0.000000	£0	£0	£0	1	1	1
Hastings and Bexhill Movement and Access Package	Feb-18	Construction in progress	01/03/2021	01/03/2021	01/08/2021	5	5	4	£9,000,000	£3	£2,617,000	29%	4.280000	£4,280,000	£1,476,000	-£2,804,000	5	3	4
Eastbourne Town Centre LSTF access and improvement package	Apr-16 and Feb-19	Construction in progress	01/03/2021	01/03/2021	01/08/2021	5	5	4	£8,000,000	£5	£5,095,000	64%	1.505000	£1,505,000	£600,000	-£905,000	3	3	4
Coastal Communities Housing Intervention Hastings	Feb-17	LGF project delivered	01/04/2020	01/03/2020	01/03/2020	0	0	1	£666,667	£1	£666,667	100%	0.000000	£0	£0	£0	1	3	1
East Sussex Strategic Growth Project	Jan-17	LGF project delivered	01/03/2021	31/05/2021	31/05/2021	2	0	1	£8,200,000	£8	£8,200,000	100%	0.000000	£0	£350,000	£350,000	1	1	1
Devonshire Park	Mar-17	LGF project delivered	01/03/2020	01/03/2020	01/03/2020	0	0	1	£5,000,000	£5	£5,000,000	100%	0.000000	£0	£0	£0	1	1	1
Bexhill Enterprise Park North	Jun-19	Design in progress	01/03/2020	01/03/2020	01/06/2021	15	15	5	£1,940,000	£0	£440,000	23%	0.000000	£0	£440,000	£440,000	4	4	5
Skills for Rural Businesses Post-Brexit	Jun-19	Design in progress	01/03/2021	01/03/2021	01/09/2021	6	6	3	£2,918,000	£0	£383,900	13%	0.000000	£0	£383,900	£383,900	3	2	3
Churchfields Business Centre (previously known as Sidney Little Road Business Incubator Hub)	Jun-19	Design in progress	01/03/2021	01/02/2021	01/10/2021	0	8	3	£500,000	£0	£192,000	38%	0.000000	£0	£192,000	£192,000	3	2	3
Bexhill Creative Workspace	Sep-19	Design in progress	01/05/2020	01/05/2020	31/01/2021	8	8	2	£960,000	£1	£700,000	73%	0.000000	£0	£700,000	£700,000	2	2	2
Exceat Bridge Replacement - phase 1	Pending	Approval pending	01/08/2021	01/08/2021	01/08/2021	0	0	4	£2,110,579	£0	£0	0%	0.000000	£0	£0	£0	4	4	4
Eastbourne Fisherman's Quayside and Infrastructure Development project	Pending	Approval pending	01/07/2021	01/07/2021	01/07/2021	0	0	3	£1,080,000	£0	£0	0%	0.000000	£0	£0	£0	3	2	3
Essex																			
Colchester Broadband Infrastructure	Mar-15	LGF project delivered	01/03/2016	01/03/2016	01/03/2016	0	0	1	£200,000	£0	£200,000	100%	0.000000	£0	£0	£0	1	1	1
Colchester LSTF	Mar-15	LGF project delivered	01/03/2016	01/12/2016	01/12/2016	9	0	1	£2,400,000	£2	£2,400,000	100%	0.000000	£0	£0	£0	1	1	1
Colchester Integrated Transport Package	Mar-15	Construction in progress	01/03/2021	01/03/2021	01/07/2020	0	0	3	£5,000,000	£5	£5,000,000	100%	0.000000	£0	£0	£0	3	3	3
Colchester Town Centre	Mar-15	LGF project delivered	01/03/2016	01/01/2018	01/01/2018	22	0	1	£4,600,000	£5	£4,600,000	100%	0.000000	£0	£0	£0	1	1	1
TGSE LSTF - Essex	Mar-15	LGF project delivered	01/08/2016	01/03/2017	01/03/2017	7	0	1	£3,000,000	£3	£3,000,000	100%	0.000000	£0	£0	£0	1	1	1
A414 Pinch Point Package	Jun-15	LGF project delivered	01/03/2017	01/03/2019	01/03/2019	24	0	1	£10,487,000	£10	£10,487,000	100%	0.000000	£0	£0	£0	1	1	1
A414 Maldon to Chelmsford RBS	Jun-15	LGF project delivered	01/03/2017	01/12/2016	01/12/2016	0	0	1	£2,000,000	£2	£2,000,000	100%	0.000000	£0	£0	£0	1	1	1
Chelmsford Station/Station Square/Mill Yard	Jun-15	LGF project delivered	01/12/2017	31/03/2019	01/05/2019	17	1	1	£3,000,000	£3	£3,000,000	100%	0.000000	£0	£0	£0	1	1	1
Basildon Integrated Transport Package	Mar-15, May-17 and Feb-19	Construction in progress	01/03/2021	01/03/2021	01/03/2021	0	0	2	£6,586,000	£7	£6,586,000	100%	4.203000	£4,203,000	£4,203,000	-£0	1	1	2
Colchester Park and Ride and Bus Priority measures	Mar-15	LGF project delivered	01/04/2015	01/04/2015	01/04/2015	0	0	1	£5,800,000	£6	£5,800,000	100%	0.000000	£0	£0	£0	1	1	1
A127 Fairglen junction improvements	Pending	Approval pending	01/09/2022	01/09/2022	01/01/2023	4	4	3	£15,000,000	£2	£1,500,000	10%	0.000000	£0	£1,500,000	£1,500,000	3	4	4
A127 capacity enhancements	Jun-15	LGF project delivered	01/12/2020	01/03/2022	01/11/2018	0	0	1	£4,000,000	£4	£4,000,000	100%	0.000000	£0	£0	£0	1	1	1
A131 Chelmsford to Braintree	Feb-17	LGF project delivered	01/03/2020	01/03/2020	01/04/2020	1	1	1	£3,660,000	£4	£3,660,000	100%	0.264000	£264,000	£1,160,000	£896,000	1	1	1
A133 Colchester to Clacton	Nov-17	Construction in progress	01/03/2020	01/03/2020	01/04/2020	1	1	1	£2,740,000	£2	£2,346,000	86%	1.370000	£1,370,000	£1,821,000	£451,000	1	1	1
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	£8	£7,500,000	75%	4.000000	£4,000,000	£4,000,000	£0	1	2	2
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	£0	0%	0.000000	£0	£0	£0	5	4	5
Coastal Communities Housing Intervention Jaywick	Feb-17	LGF project delivered	01/06/2019	01/06/2019	01/06/2019	0	0	1	£666,667	£1	£666,667	100%	0.000000	£0	£0	£0	1	1	1
Gilden Way upgrading	Dec-17	Design in progress	01/03/2021	01/03/2022	30/01/2021	0	0	2	£5,000,000	£5	£5,000,000	100%	0.000000	£0	£0	£0	1	1	2
Technical and Professional Skills Centre at Stansted Airport	May-17	LGF project delivered	01/09/2018	01/09/2018	01/09/2018	0	0	1	£3,500,000	£4	£3,500,000	100%	0.000000	£0	£0	£0	1	1	1
Innovation Centre - University of Essex Knowledge Gateway	Sep-17	LGF project delivered	01/01/2019	26/04/2019	01/01/2019	0	0	1	£2,000,000	£2	£2,000,000	100%	0.000000	£0	£0	£0	1	1	1
STEM Innovation Centre - Colchester Institute	Dec-17	LGF project delivered	01/01/2019	TBC	01/12/2019	11	0	1	£5,000,000	£5	£5,000,000	100%	3.000000	£3,000,000	£2,746,988	-£253,012	1	1	1
A127/A130 Fairglen Interchange new link road	Feb-19	Design in progress	01/04/2022	01/04/2022	01/04/2022	0	0	3	£6,235,000	£2	£1,876,000	30%	0.673000	£673,000	£176,000	-£497,000	3	3	3
M11 junction 8 improvements	Nov-17	Design in progress	01/03/2021	01/03/2021	01/11/2022	20	20	5	£2,733,896	£2	£2,238,702	82%	0.900000	£900,000	£438,702	-£461,298	5	4	5

Appendix 2- Local Growth Fund Delivery and Risk																			
	Deliverability								Financial					LGF spend 2019/20					
Project	Accountability Board approval	Delivery Status	Expected completion date (as stated in Business Case)	Expected completion date (as reported in Jan 2020)	Expected completion date (June 2020)	Months delay incurred (since original business case)	Months delay incurred (since last update)	Deliverability RAG rating (June 2020)	LGF allocation	LGF spend to date Up to end of 2019/20 (£m)	LGF spend to date Up to end of 2019/20	LGF spend to date (%) Up to end of 2019/20	LGF planned spend in 2019/20 (£m)	LGF planned spend in 2019/20	Actual LGF spend 2019*	Difference **	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	01/03/2020	01/03/2020	0	0	1	£1,000,000	£1	£1,000,000	100%	0.000000	£0	£1,000,000	£1,000,000	1	1	1
Basildon Digital Technologies Campus	Jun-19	Design in progress	01/09/2020	01/09/2020	01/09/2020	0	0	1	£2,150,000	£0	£0	0%	0.000000	£0	£0	£0	1	1	1
Colchester Institute training centre (Groundworks and scaffolding)	Jun-19	Construction in progress	01/01/2020	01/01/2020	01/12/2020	11	11	4	£100,000	£0	£0	0%	0.000000	£0	£0	£0	1	1	1
USP College Centre of Excellence for Digital Technologies and Immersive Learning , Benfleet	Jun-19	Design in progress	01/09/2020	01/09/2020	01/09/2021	12	12	4	£900,000	£0	£0	0%	0.000000	£0	£0	£0	1	1	1
Flightpath Phase 2	Jun-19	Construction in progress	30/09/2020	01/09/2020	01/09/2020	0	0	1	£1,421,500	£1	£781,944	55%	0.000000	£0	£781,944	£781,944	1	1	1
Basildon Innovation Warehouse	Pending	Approval pending	01/02/2022	01/02/2022	01/02/2022	0	0	2	£870,000	£0	£0	0%	0.000000	£0	£0	£0	2	1	2
University of Essex Parkside (Phase 3)	Pending	Design in progress	31/03/2021	31/03/2021	01/10/2021	6	6	4	£5,000,000	£0	£0	0%	0.000000	£0	£0	£0	4	3	4
New Construction Centre, Chelmsford	Pending	Approval pending	01/09/2021	01/09/2021	01/09/2021	0	0	2	£1,295,200	£0	£0	0%	0.000000	£0			2	2	2
Kent																			
I3 Innovation Project (formerly referred to as the Kent and Medway Growth Hub)	Nov-15	Project in progress	01/03/2021	01/03/2021	01/03/2021	0	0	2	£6,000,000	£6	£5,639,269	94%	1.000000	£1,000,000	£1,360,018	£360,018	2	1	2
Tonbridge Town Centre Regeneration	Mar-15	LGF project delivered	31/03/2017	30/04/2017	30/04/2017	0	0	1	£2,631,269	£3	£2,631,269	100%	0.000000	£0	£0	£0	1	1	1
Sittingbourne Town Centre Regeneration	Nov-15	Construction in progress	01/09/2016	01/01/2020	01/01/2020	40	0	5	£2,500,000	£3	£2,500,000	100%	0.000000	£0	£0	£0	1	3	3
M20 junction 4 Eastern Overbridge	Mar-15	LGF project delivered	31/03/2015	28/02/2017	28/02/2017	22	0	1	£2,200,000	£2	£2,200,000	100%	0.000000	£0	£0	£0	1	1	1
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	£1,156,284	64%	0.556000	£556,000	£1,002	-£554,998	4	2	4
Kent Thameside LSTF	Mar-15	Construction in progress	31/03/2021	31/03/2021	31/03/2021	0	0	3	£4,500,000	£4	£3,788,946	84%	0.379000	£379,000	£285,546	-£93,454	2	1	3
Maidstone Gyratory Bypass	Mar-15	LGF project delivered	01/02/2017	01/12/2016	01/12/2016	0	0	1	£4,600,000	£5	£4,600,000	100%	0.000000	£0	£0	£0	1	1	1
Kent Strategic Congestion Management programme	Mar-15, Apr-16, Feb-17 and Feb-18	Construction in progress	31/03/2021	31/03/2021	31/03/2021	0	0	3	£4,800,000	£3	£2,778,954	58%	0.800000	£800,000	£389,339	-£410,661	3	2	3
Middle Deal transport improvements	Feb-16	Design in progress	01/12/2016	01/07/2020	31/06/2020	43		4	£800,000	£1	£800,000	100%	0.000000	£0	£0	£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	£899,138	90%	0.150000	£150,000	£335,275	£185,275	3	1	3
Kent Sustainable Interventions Programme	Mar-15, Apr-16, Feb-17 and Feb-18	Construction in progress	31/03/2021	31/03/2021	31/03/2021	0	0	3	£2,727,586	£2	£1,718,056	63%	0.755000	£755,000	£245,577	-£509,423	4	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	£4,026,491	82%	0.700000	£700,000	£197,503	-£502,497	4	2	3
Folkestone Seafront: onsite infrastructure	Mar-15	LGF project delivered	30/09/2015	31/03/2016	31/03/2016	6	0	1	£541,145	£1	£541,145	100%	0.000000	£0	£0	£0	1	1	1
A28 Chart Road	Nov-15	Design in progress	01/03/2020	TBC	TBC			5	£2,756,409	£3	£2,756,283	100%	3.119000	£3,119,000	£0	-£3,119,000	5	4	5
Maidstone Integrated Transport	Nov-15 and Jun-18	Design in progress	01/02/2020	01/03/2021	01/12/2021	13	9	4	£8,900,000	£4	£3,564,187	40%	3.285000	£3,285,000	£1,517,439	-£1,767,561	4	3	4
A28 Sturry Link Road	Jun-16	Design in progress	01/10/2021	01/10/2021	01/12/2021	0	2	5	£5,900,000	£1	£1,109,051	19%	0.000000	£0	£37,934	£37,934	3	5	5
Rathmore Road	Nov-15	LGF project delivered	01/11/2017	01/01/2018	01/01/2018	2	0	1	£4,200,000	£4	£4,200,000	100%	0.000000	£0	£0	£0	1	1	1
Maidstone Sustainable Access to Employment	Nov-15	LGF project delivered	01/03/2016	01/06/2017	01/06/2017	15	0	1	£2,000,000	£2	£2,000,000	100%	0.000000	£0	£0	£0	1	1	1
Ashford Spurs	Sep-16 and May-17	LGF project delivered	01/04/2018	01/04/2020	01/04/2020	24	0	1	£7,896,830	£8	£7,656,775	97%	1.632000	£1,632,000	£1,902,994	£270,994	1	1	1
Thanet Parkway	Apr-19	Design in progress	01/12/2021	01/12/2021	30/12/2022	0	12	4	£14,000,000	£0	£0	0%	2.355000	£2,355,000	£0	-£2,355,000	4	4	4
Dover Western Docks revival	Feb-17	LGF project delivered	01/02/2017	01/04/2017	01/04/2017	2	0	1	£5,000,000	£5	£5,000,000	100%	0.000000	£0	£0	£0	1	1	1
Folkestone Seafront (non-transport)	Feb-16	LGF project delivered	31/12/2027	31/03/2018	31/03/2018	0	0	1	£5,000,000	£5	£5,000,000	100%	0.000000	£0	£0	£0	1	1	1
A226 London Road/B255 St Clements Way	Nov-16	LGF project delivered	01/03/2020	31/05/2019	31/05/2019	0	0	1	£4,200,000	£4	£4,200,000	100%	0.000000	£0	£0	£0	1	1	1
Coastal Communities Housing Intervention (Thanet)	Feb-16	Construction in progress	31/03/2021	31/03/2021	31/03/2021	0	0	3	£666,667	£1	£666,666	100%	0.000000	£0	£92,653	£92,653	3	2	3
Dartford Town Centre Transformation	Apr-18	Construction in progress	31/03/2021	31/03/2021	31/03/2021	0	0	4	£4,300,000	£3	£3,253,955	76%	1.604000	£1,604,000	£2,732,175	£1,128,175	4	3	4
A2500 Lower Road	Sep-17	LGF project delivered	01/12/2019	01/03/2019	01/03/2019	0	0	1	£1,264,930	£1	£1,264,930	100%	0.000000	£0	£0	£0	1	1	1
Kent and Medway EDGE hub	Sep-17	Construction in progress	31/08/2020	30/09/2020	30/09/2020	0	0	1	£6,120,000	£6	£6,120,000	100%	0.000000	£0	£0	£0	1	2	2
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	£2,348,500	£2	£1,792,721	76%	0.500000	£500,000	£809,602	£309,602	3	2	3
Sandwich Rail Infrastructure	Nov-17	LGF project delivered	31/03/2020	28/02/2020	28/02/2020	0	0	3	£1,913,170	£2	£1,903,170	99%	1.238000	£1,238,000	£1,863,309	£625,309	3	2	3
M2 Junction 5	Feb-20	Design in progress	01/01/2023	01/01/2023	31/12/2021	0	0	4	£1,600,000	£0	£0	0%		£0	£0	£0	3	3	4
Kent and Medway Medical School	Nov-19	Construction in progress	01/09/2020	01/09/2020	31/01/2021	0	4	2	£800,000	£4	£4,000,000	500%		£0	£4,000,000	£4,000,000	1	2	2
NIAB - EMR		Approval pending	01/07/2021	01/07/2021	01/07/2021	0	0	1	£1,683,000	£0	£0	0%	0.000000	£0	£0	£0	1	1	1
Medway																			
A289 Four Elms roundabout to Medway Tunnel	Mar-15	Design in progress	31/12/2020	01/03/2022	01/03/2024	38	24	4	£11,100,000	£2	£1,617,067	15%	4.275000	£4,275,000	£177,481	-£4,097,519	2	3	3
Strood Town Centre	Mar-15	Construction in progress	30/06/2018	01/03/2020	01/09/2020	26	6	4	£8,600,000	£7	£7,471,388	87%	4.314000	£4,314,000	£3,171,841	-£1,142,159	4	2	3
Chatham Town Centre	Mar-15	LGF project delivered	31/07/2017	01/10/2019	01/10/2019	26	0	1	£4,200,000	£4	£4,200,000	100%	0.399000	£399,000	£756,413	£357,413	1	1	1

Appendix 2- Local Growth Fund Delivery and Risk

Project	Deliverability								Financial					LGF spend 2019/20					
	Accountability Board approval	Delivery Status	Expected completion date (as stated in Business Case)	Expected completion date (as reported in Jan 2020)	Expected completion date (June 2020)	Months delay incurred (since original business case)	Months delay incurred (since last update)	Deliverability RAG rating (June 2020)	LGF allocation	LGF spend to date Up to end of 2019/20 (£m)	LGF spend to date Up to end of 2019/20	LGF spend to date (%) Up to end of 2019/20	LGF planned spend in 2019/20 (£m)	LGF planned spend in 2019/20	Actual LGF spend 2019*	Difference **	Financials RAG rating (June 2020)	Reputational risk RAG rating (June 2020)	Overall (June 2020)
Medway Cycling Action Plan	Mar-15	LGF project delivered	31/03/2018	31/03/2019	31/03/2019	12	0	1	£2,500,000	£3	£2,500,000	100%	0.000000	£0	£0	£0	1	1	1
Medway City Estate	Mar-15	Design in progress	31/03/2021	31/03/2021	31/03/2021	0	0	2	£2,200,000	£1	£621,193	28%	1.396000	£1,396,000	£57,966	-£1,338,034	3	3	3
Rochester Airport - phase 1	Jun-16	Design in progress	31/03/2018	31/03/2020	01/12/2020	32	8	4	£4,400,000	£1	£876,915	20%	3.771000	£3,771,000	£411,508	-£3,359,492	4	3	4
Innovation Park Medway (phase 2)	Feb-19	Design in progress	31/12/2020	31/12/2020	01/12/2021	11	11	5	£3,700,000	£1	£570,071	15%	2.400000	£2,400,000	£470,596	-£1,929,404	5	4	5
Strood Civic Centre - flood mitigation	Feb-18	LGF project delivered	30/04/2019	01/06/2019	01/06/2019	1	0	1	£3,500,000	£4	£3,500,000	100%	0.000000	£0	£0	£0	1	1	1
Innovation Park Medway (phase 3)	Pending	Approval pending	31/12/2020	31/12/2020	01/12/2021	11	11	5	£1,518,500	£0	£0	0%	0.000000	£0	£0	£0	5	4	5
Southend																			
Southend Growth Hub	2015	LGF project delivered	31/12/2016	01/03/2017	01/03/2017	2	0	1	£720,000	£1	£720,000	100%		£0	£0	£0	1	1	1
Southend Forum 2	Feb-18	Design in progress	01/09/2021	01/09/2021	01/02/2022	5	5	3	£6,000,000	£1	£1,138,179	19%	1.000000	£1,000,000	£667,698	-£332,302	1	1	1
TGSE LSTF - Southend	Mar-15	LGF project delivered	01/08/2016	01/03/2017	01/03/2017	7	0	1	£1,000,000	£1	£1,000,000	100%	0.000000	£0	£0	£0	1	1	1
A127 Kent Elms Corner	Jun-16	LGF project delivered	19/05/2017	31/05/2019	31/05/2019	24	0	1	£4,300,000	£4	£4,300,000	100%	0.000000	£0	£0	£0	1	3	2
A127 The Bell	Nov-18 and Feb-19	Construction in progress	31/03/2021	31/03/2021	31/03/2021	0	0	1	£4,300,000	£1	£1,216,446	28%	0.800000	£800,000	£847,555	£47,555	2	1	2
A127 Essential Bridge and Highway Maintenance	Sep-16, Nov-18 and Feb-19	Construction in progress	31/03/2021	31/03/2021	31/03/2021	0	0	1	£8,000,000	£2	£1,700,000	21%	2.000000	£2,000,000	£273,246	-£1,726,754	4	2	3
Southend Central Area Action Plan	Jun-16, Sep-17 and Feb-19	Construction in progress	31/03/2021	31/03/2021	01/07/2021	3	3	3	£7,000,000	£4	£3,638,123	52%	2.000000	£2,000,000	£649,900	-£1,350,100	5	2	4
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	4	£23,090,000	£19	£18,802,773	81%	12.693000	£12,693,000	£10,233,763	-£2,459,237	3	2	3
Southend Town Centre Phase 1	Pending	Design in progress	01/03/2021	01/03/2021	31/05/2021	2	2	2	£1,500,000	£0	£0	0%		£0	£0	£0	1	1	2
Thurrock																			
TGSE LSTF - Thurrock	Mar-15	LGF project delivered	31/03/2016	31/03/2020	31/03/2020	48	0	1	£1,000,000	1.000	£1,000,000	100%	0.163000	£163,000	£124,976	-£38,024	1	1	1
Thurrock Cycle Network	Apr-16	LGF project delivered	31/03/2019	31/03/2019	31/03/2019	0	0	1	£5,000,000	5.000	£5,000,000	100%	0.000000	£0	£0	£0	1	1	1
London Gateway/Stanford le Hope	Feb-17	Construction in progress	31/12/2018	01/08/2021	01/08/2021	31	0	4	£7,500,000	6.613	£6,613,022	88%	0.547000	£547,000	£1,844,371	£1,297,371	3	3	3
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	£5,000,000	100%	0.000000	£0	£0	£0	5	3	4
Purfleet Centre	Jun-16	LGF project delivered	01/09/2027	01/01/2030	01/01/2030	28	0	2	£5,000,000	5.000	£5,000,000	100%	0.000000	£0	£3,158,843	£3,158,843	2	1	2
Grays South	Feb-19	Design in progress	01/07/2022	01/02/2023	01/10/2023	15	8	4	£10,840,274	3.438	£3,437,944	32%	3.700000	£3,700,000	£3,437,944	-£262,056	3	2	3
A13 widening	Apr-17	Construction in progress	31/12/2019	01/06/2021	01/09/2021	20	3	5	£75,000,000	£56	£55,897,694	75%	25.011000	£25,011,000	£30,982,182	£5,971,182	5	5	5
Tilbury Riverside	Sep-19	Design in progress	01/04/2021	01/04/2021	01/09/2021	5	5	4	£2,360,000	£0	£29,082	1%	0.000000	£0	£29,082	£29,082	2	1	2
Managed Centrally																			
Capital Skills	Mar-15	LGF project delivered	31/03/2017	31/03/2018	31/03/2018	12	0	3	£21,974,561	£22	£21,974,561	100%	0.000000	£0	£0	£0	4	4	4
M20 Junction 10a	Feb-17	LGF project delivered	31/09/2020	31/09/2020	31/12/2019	0	0	1	£19,700,000	£20	£19,700,000	100%	0.000000	£0	£0	£0	1	1	1

** Difference between the planned LGF spend at outset of 2019/20 and actual 2019/20 spend (as reported in June 2020).

LGF Capital Programme Update – Appendix 3 COVID-19 impact

1. Impact of Covid-19 to date

1.1. Whilst the duration of the current social distancing restrictions remains uncertain, it is very difficult to determine the duration and scale of impact as a result of COVID -19 on LGF projects. From initial discussions with scheme promoters it seems highly likely that project delays and cost increases will be incurred.

1.2. In the short-term, the impact of the social distancing measures has resulted in delays to projects at various stages of development. The impacts identified to date include delays to:

1.2.1. Public consultations - it is not feasible to demonstrate that all groups have had the opportunity to respond to new development plans.

1.2.2. Surveys - The current traffic conditions don't represent 'normal' flows and therefore project development work cannot be informed by information gathered at this time, resulting in surveys being postponed.

1.2.3. Planning - Whilst some planning committees are now meeting virtually, others have been cancelled or postponed.

1.2.4. Tender Exercises - procurement processes have been postponed for several projects, as there is deemed too much uncertainty to appropriately cost and programme construction works at this time.

1.2.5. Traffic Regulation Orders (TROs) – Local Highway Authorities are required to publish and publicise TROs for traffic management measures, including road closures, traffic and parking restrictions. Delays to TRO's being published has resulted in delays to construction works commencing.

1.2.6. Construction works - At construction sites, either health and safety measures have increased on site, to observe the social distancing requirements, or there has been a temporary suspension of work. Where construction sites remain open, the pace of work has slowed due to the reduced work force and to ensure compliance with Government's Covid-19 Construction Guidance.

1.3. Beyond the immediate impacts, further risks have been identified, including:

1.3.1. Supply Chain Risks – there is a risk that private sector businesses within the supply chain may not be able to survive the current severely challenging financial situation. If private sector companies are unable to deliver on existing contracts, this will result in project delays and increases in project cost.

1.3.2. Increase in project costs – the delays to activities at construction sites is likely to add to project costs, as well as inflation costs. Some project sponsors have raised risks relating to the sourcing and cost of materials.

1.3.3. Local funding contributions – several projects are dependent on funding contributions, such as from S106 developer contributions, to complete the funding package. As a result of stalled development, these contributions may not be available to the timescales originally expected, therefore creating a potential funding gap.

1.3.4. Utility Company delays – Prior to COVID-19 impacts, local authorities had already raised concerns about the impact of utility companies causing delays for LGF projects. These concerns have been heightened, as local authorities are currently unable to agree future work schedules with certain utility companies. This could hinder work to restart the economy through infrastructure investment.

1.3.5. Project benefits – The South East economy is unlikely to resume to 'normal' in the foreseeable future and reduced private sector activity is likely to impact the benefits which LGF projects were set to achieve, including the delivery of 78,000 jobs and 29,000 homes committed through the Growth Deal.

1.3.6. Commercial viability of new office space - The behaviour change which has occurred as a result of the current social distancing measures is likely to have a lasting impact on travel and the way in which we work, with a potential longer-term shift to homeworking. In hand with the severe negative impact of COVID -19 on SMEs, this could potentially reduce the demand for new commercial space delivered through LGF investment in innovation centres and hubs for SME businesses.

1.4. The value of the cost increases has not yet been quantified for each individual project and will depend on the specific conditions in the contracts between local authorities and contractors, the duration of the project delays and any interventions led by Central Government over the coming weeks/months.

1.5. The Service Level Agreements (SLA) under which LGF is transferred to the six partner authorities, makes clear that the LGF is a fixed grant contribution and local partners are responsible for meeting all increases to LGF project costs. As such, the risk of increases to the cost of LGF projects sits with local partners. Depending on the scale of increases to the total cost of LGF projects, as a result of Covid-19, this could expose local partners to considerable risk.

Cities & Local
Growth Unit

13 May 2020

Dear LEP Chief Executives

Local Growth Fund in 2020-21

I am writing to you to set out in more detail the approach to paying your 2020-21 LGF allocation (the final year in this current programme) and how we will work with you to manage that. I hope that this note provides the clarity needed.

In confirming LGF allocations this year, we are looking to balance a wider set of issues than previously. Clearly timely and impactful investment decisions are crucial to stimulating local economies, creating jobs and setting your areas up for the best possible re-start and recovery from the Covid 19 crisis. We have also heard from you on the disruption and slippage to some LGF capital programmes, and concern that some LEPs might be unable to spend before March 2021. We recognise that this is not a uniform picture, depending on how you have previously managed the pipeline, the nature of the projects and interdependence with private sector funding. The risks that we are looking to manage extend across all capital programmes and not just LGF, which is why Government is having to review programme payments in light of COVID and the effect it will have on some delivery plans.

Given this uncertainty we therefore need to take a more active role in understanding the contractual status of projects, what the risk of slippage is, and to work with you individually on the best way of managing that. Meanwhile I am happy to confirm again where there are contractual commitments in place, with plans to manage spend of that allocation across the programme in year, we will ensure that the balance of LGF is paid in full.

It is on this basis we will initially pay 2/3 of your LGF allocations for FY2020-21 in May followed by a period of joint working and review over the Summer on contractual commitments and likely spend over the remainder of the year. This will then unlock Ministerial confirmation on the final 1/3 to be paid after the review. If however there are LEPs with ongoing spend against contractual commitments exceeding the 2/3 allocated, evidencing the need for earlier payment we will work with the relevant LEP, providing further LGF if that is required ahead of the review's conclusion. For the review we will need to understand your pipeline, your current and forecast position on contractual commitments, and how you will manage spend against your programmes this financial year within your freedoms and flexibilities. We recognise this may include interdependent decisions with other funding streams. The conclusions of the review point will also be a moment to demonstrate to Ministers what you are prioritising locally as strategically important to the long-term economic success of your areas.

In advance of initiating the review period, we want to work with you on agreeing the most appropriate and proportionate ways of bringing together all the relevant information and considerations. We are therefore grateful for Mark Livesey's offer, through the Network, to corral a few of you to work with us in designing that approach and to pick up with some of your Chairs before Ministers sign off on the approach. Once that is settled your Unit Area Lead will work closely with you to discuss and complete it. If you or your accountable body have any more specific challenges as a result of our approach, we are of course happy to discuss.

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May I take this opportunity to say thank you again for all the work you and your colleagues have been doing in recent weeks – these are clearly exceptional times and your input into Government is making a real difference in how we can best work with you and support local economies. Thank you in advance for your understanding, and for your co-operation, with everything here as well.

I am copying this letter to your Chairs.

Yours faithfully

Stephen Jones
Co-Director
Cities & Local Growth Unit

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Report title: Basildon Innovation Warehouse LGF funding decision	
Report to Accountability Board on 3 July 2020	
Report author: Howard Davies, Capital Programme Officer, SELEP	
Date: 8 June 2020	**For: Decision**
Enquiries to: Howard Davies – howard.davies@southeastlep.com	
SELEP Partner Authority affected: Essex County Council	

FP/AB/272

1. Purpose of Report

1.1 The purpose of this report is for the Accountability Board (the Board) to consider the award of £870,000 Local Growth Fund (LGF) to the delivery of the Basildon Innovation Warehouse (the Project).

1.2 The Project has been identified by the Investment Panel as a priority through the LGF3b pipeline development process. A total of £870,000 has been sought to deliver the Project.

2. Recommendation

2.1 The Board is asked to:

2.1.1. **Note:** that a further decision will be sought from the Strategic Board to determine how funding should be directed if only part of the final third of LGF, allocated to SELEP in 2020/21 be confirmed by Central Government

2.1.2 **Approve**: The award of £870,000 to support the delivery of the Project identified in the Business Case and which has been assessed as presenting high value for money with high certainty, subject to:

2.1.2.1 written confirmation that full planning permission has been granted for the Project.

2.1.2.2 The final third of the 2020/21 LGF allocation being transferred by the Ministry of Housing Communities and Local Government (MHCLG) in full or the Strategic Board prioritising the Project for funding, should only part of the final third of LGF be confirmed by Government

2.1.3 **Note:** That no LGF will be transferred to Essex County Council (ECC) for the delivery of the Project until the conditions set out in 2.1.2 have been satisfied

3. Background

3.1 In February 2020, the Board were advised of complications with the broadband connections to the Project.

3.2 The Board resolved that a report be brought back to the May 2020 board meeting with a resolution to the broadband issue and to confirm:

3.2.1 an alternative site has been identified;

3.2.2 a full package is in place to deliver the project;

3.2.3 the LGF can be spent in full within the Growth Deal period or satisfy the conditions for LGF spend beyond the Growth Deal; and

3.2.4 the Project can still deliver the same scale of benefits at the original site.

3.3 The May 2020 board meeting was postponed, however the issues that had been raised in February have now been resolved and the Board is presented with this report and associated Business Case which will show that the broadband issue has been resolved, full funding is in place, LGF can be spent within the Growth Deal period and the Project will deliver the expected benefits.

3.4 There is a lack of high-tech, supported workspaces in the Thames Gateway area and none in Basildon. Until recently the needs of traditional businesses were addressed by the Enterprise Centre, run by Invest Essex. However, the centre closed in 2019 despite its high occupancy rates as a result of funding cuts. The centre is now part of a more traditional centre (The Brodie Business Centre). It currently offers space at £26/sg ft including service charge.

3.5 The project seeks to offer the kind of high-tech innovation required for tailored support, of a type that goes beyond traditional business support packages.

3.6 Key for these early stage enterprises is the ability to network and collaborate, with appropriate space and kit to develop new products and relevant support and mentoring. The demand for co-working/supported/creative spaces have seen a marked increase in recent years, with the move to more virtual teams within businesses, the advent of cloud based working practices and the desire to collaborate more openly with entrepreneurial peers.

3.7 This type of 'innovation' centre engages individuals with ideas for new products and support their development through access to equipment and facilitated inks to advisors, potential partners and funders. This support is increasingly vital to the growth of STEM innovation.

3.8 Self-employment data shows there are in excess of 3,300 self-employed residents in Basildon (similar to regional and national figures). An increasing number of these entrepreneurs need the kind of facilities, networking and support provided by the Project.

3.9 Although the number of business starts in Basildon has remained steady over recent years, the number of business closures has shown an increase, in addition the number of high growth firms in the area shows a marked downward trend.

4. The Project Overview

4.1 The Project involves the conversion of the Green Centre in the Wat Tyler Country Park, into a co-working innovation hub aimed at supporting entrepreneurs and innovators in the area, raising productivity and creating jobs and additional gross value added (GVA)

4.2 The Project will promote enterprise, increase productivity and skills and create new jobs in the Thames gateway area. It is aimed at providing an inspiring environment alongside specialist facilities, equipment and business support to new, high-tech ventures in vital STEM sectors

4.3 The proposal is closely aligned with the priorities articulated in national, regional and local strategic plans.

4.4 The Project has garnered significant private sector support for the proposal and strong market demand for the kind of support the Project will deliver.

4.5 Total Project value is £2,075,671, with the balance of funding being provided by Basildon Borough Council (BBC), as shown in Table 3, section 8 of this report.

4.6 A market failure has been identified with private sector/local companies not in a position to raise the initial, up front, costs needed to refurbish the building that will house the 'Innovation Warehouse'.

5. The Project

5.1 The building, the Green Centre, is in the ownership of Basildon Borough Council (BBC), who will provide the additional funding of £1.2m to bring the Project to a reality.

5.2 The finished project will remain in the ownership of BBC; however, a 10-year management contract will be entered into with an experienced operator. This contract will be managed by the Council's Growth Service, this will later be converted into a (Community Interest Company) CIC who will take over the contract management.

5.3 The CIC will consist of representatives from the Council, businesses, further and higher education, schools, community groups and the management company.

5.4 Current financial projections carried out by the Project proposers suggest that the Warehouse will become self-financing, generating an annual surplus form Year 2.

5.5 The Project will deliver the following support package to entrepreneurs, pre-start-ups and start-ups:

- 5.4.1 An inspiring and creative environment for start-ups;
- 5.4.2 Access to specialist facilities and equipment such as 3D printers;
- 5.4.3 Affordable and flexible accommodation;
- 5.4.4 Links to key businesses in the area;
- 5.4.5 Specialist support for innovation in the STEM sectors; and
- 5.4.6 Links to Further/Higher Education programmes

5.6 Although based in Basildon, the Innovation Centre will operate an open-door policy to entrepreneurs from across the Thames Gateway.

5.7 Based on evidence from makerspaces in similar markets, the support package described by this Project will enable STEM enterprises in the Thames Gateway to:

- 5.6.1 Access investment sources for start-up and early enterprise growth;
- 5.6.2 Exploit new R&D and new products and services;
- 5.6.3 Collaborate with other businesses to develop, prototype and commercialise new products; and
- 5.6.4 Trade nationally and internationally.

5.7 Further, detailed analysis around economic modelling suggests this increase in business support and accommodation, collaboration, product development and trade will deliver the following benefits to the Thames Gateway and beyond, increasing;

- Skills – through collaboration with local skills providers, such as South Essex College
- Enterprise – supporting the existing Basildon Business Club to network and innovate
- Jobs – The Project will directly support 186 jobs by year 5 and through graduation of businesses from the Project it is forecast to support a further 64 jobs locally by year 5 (369 by year 10)
- Productivity – providing makers, creators, entrepreneurs and innovators the tools to improve and increase the quality of their output
- Gross Value Added (GVA) -the contribution to the local economy by year 5 is forecast to be £14.5m per annum (£30m+ per annum by year 10)

6. Delivery Partners

6.1 The Project brings together partners from the public sector, education and private sector as shown in Table 1.

Table 1

Partner	Nature of Involvement
Basildon Borough Council	Lead partner and building owner; implementation and operation role
FE/HE partners: South Essex College/Prospects College of Advanced Technology (PROCAT)	Training and skills provision; operational role
Corporate partners; New Holland Agriculture Basildon Business Group Ford Motor Company Essex Chamber of Commerce Advante Ltd	Revenue funding; collaboration; operational role

7. Alternative Options

7.1 A number of alternative sites/buildings were assessed prior to choosing the Project site. The assessment criteria including;

- Location and access
- Site/building area
- Layout
- Planning designation
- Ownership
- Market availability
- Tenure
- Quality of site/condition/environment
- Any potential constraints
- Conversion/refurbishment prospects (including redevelopment prospects)
- Deliverability, viability and overall suitability

7.2 Alternative sites included:

<u>Those available in the long term</u>

- Ford's surplus/expansion land – a number of meetings took place with Ford, but there was a concern that due to the scale of development and the need to consider viability for phase 1 it would be unlikely that the Project could be delivered in a realistic timeframe
- Gardeners Lane – a site largely owned by Homes England. The site is expected to deliver 700 new homes and 6ha of employment land. However, the timeframes and complexity of negotiations reduced the chances of delivering in a reasonable timeframe
- Narrow strip of land at Pipps Hill Industrial Estate – the layout and configuration of the site does not render it particularly suitable for this development
- It was concluded that none of these sites were suitable for this Project due to uncertainty of short development and long term timescales of bringing forward any construction on site.

<u>Those available in the short to medium term</u>

- Land at Festival Park owned by Homes England which could allow for a warehouse development. However, the delivery of the Homes England development was at an advanced stage and unlikely to be able to deliver the Innovation Warehouse described in this report
- A site adjacent to the original Prospects College of Advanced Technology was considered but concluded that other uses were preferred for this site.

- Gardiners Lane might have offered a site, but it was decided the location was not suitable.

  Sites/Premises available immediately

- A number of sites were investigated that were capable of housing the Project's requirement of 10,000 to 15,000 sq ft. The vast majority in private ownership, including the original Essex Enterprise Centre, but this was viewed as more appropriate for office space and would be leased on open market terms.
- Basildon and District Local Enterprise Agency, In Laindon, offers office and workspace. However, it was both well occupied and in need of a lot of work to convert to the requirements of the Project
- Basildon Community Assets were reviewed, but these were most likely to come forward for residential development.

Conclusion

- Although there may be some sites in suitable locations, their long-term availability / deliverability takes them out of current considerations;

- The sites / premises available in the shorter / medium term are inappropriate for a number of reasons - due to other potential development commitments, uncertain timescales, unsuitable uses and poor quality of environment;

- There are a number of premises (and some sites) immediately available for refurbishment / use, however these are all on the market for lease / freehold sale, and at significant cost (either freehold / or ongoing annual rental payments). Many are also not ideal in terms of location / configuration and layout. These factors will all adversely affect the viability of the proposed BIW facility;

- In conclusion the Green Centre is the only site / building offering real and immediate potential for development as an Innovation Warehouse and it is therefore the most appropriate / deliverable option for the BIW project.

7.3 Option Assessment of Wat Tyler Green Centre is outlined in Table 2

Table 2

Option	**Criteria**			
	strategic fit	**achievability**	**acceptability**	**affordability**

Option A. DO MINIMUM (Reference Case)	Does not meet the LA's strategic objectives and does not support SELEP's growth agenda for jobs and GVA creation in key growth locations	Physically achievable subject to funding Longer term objectives of business start-ups & growth would be more challenging due to low specification facilities Lower income earning potential would also threaten long term viability	Does not provide quantum or quality of space, deemed necessary to meet demand identified - Unacceptable	Depends on availability of LGF funding Not likely to be any other public or private funding to support this option
Option B. FULL REFURBISHMENT and recommended option	Meets the majority of the LA's strategic objectives and supports SELEP's growth objectives for jobs and GVA creation in key growth locations	Physically achievable subject to funding Optimum specification would maximise business start-ups and growth. Higher income earning potential would foster long term viability	Provides optimum scheme - Acceptable	Depends on availability of LGF funding
Option C. HYBRID OPTION	Meets the majority of the LA's strategic objectives and supports SELEP's growth objectives for jobs and GVA creation in key growth locations	Physically achievable subject to funding More limited range and quantum of space would result in – • Lower income earning potential • Long term viability issues	This could provide a fallback scheme but because of viability and reduced outputs, would not be acceptable to the Council or other stakeholders	Potentially unaffordable - this option still creates a viability deficit (albeit lower than Option 1) which would need to be met by the public sector.

		• Reduced outputs in terms of business start-ups & growth		

7.4 Option B was the preferred approach for the following reasons:

- Makes the most of space available
- Creates the most efficient and effective use/mix of new accommodation
- Establishes a centre which will include a flexible offer to both start-ups and growing businesses
- Creates a facility that will be attractive to private sector businesses and local FE/HE providers and encourage their involvement in sponsorship, management, networking and skills development
- Provides a viable business in the medium term that will generate annual surpluses that can be invested into a range of soft services/support throughout the wider Borough
- Will provide a ‘stepping stone’ for expansion of both the existing building and other similar, networked centres, in the medium term
- Meets the feedback from consultation with Stakeholders and others, who have identified a need to ‘do something now’ driven by demand from SME’s, the desire for large and small businesses to collaborate and education and research entities to engage with a dynamic community of innovators in the Basildon area.

7.5 The Business Case assessed by the ITE has used Option B as the indicator for economic impact. The core stream of benefits which emerge from the Project focus on the direct jobs physically accommodated within the Warehouse over the initial 5-year period. It is appreciated that wider benefits will be forthcoming as part of the Project.

7.6 The full range of benefits will subject to monitoring and evaluation over the life of the Project.

8. Funding and Project Milestones

8.1 The Project is fully funded, subject to agreement from the Board of the £870,000 LGF, with the balance coming from Basildon Borough Council. Funding breakdown is shown in Table 3

Table 3: Funding breakdown

Funding Source	Amount of Funding
Basildon Borough Council	£1,205,671
SELEP LGF	£870,000
Total Funding	£2,075,671

8.2 A separate revenue amount of £7,500 will be made available, for monitoring and evaluation costs, from Basildon Borough Council's revenue budget. This will cover costs that will be incurred at the end of year one after practical completion and after the end of years 3 and 5 of operation.

8.4 As set out within the capital programme report, SELEP is awaiting confirmation from MHCLG of the final third of LGF, £25.958m, which has been allocated to SELEP in 2020/21 but has not yet been confirmed.

8.5 The award of funding to the Project is therefore subject to the remaining third of LGF funding being confirmed in writing by MHCLG. No funding will be transferred to Essex County Council in relation to the Project until the final third of LGF has been formally confirmed by MHCLG and received by the Accountable Body.

8.6 The Project programme is shown in Table 4

Table 4: Programme

Planning submission and approval	Sept 2020 application October 2020 planning decision		
Gain Vacant possession of building	Oct 2020		
Procure contractor and site set up		Nov – Dec 2020	
Construction period is 9-12 months as per consultant advice			Jan 2021 - Nov 2021

Opening of Basildon Innovation Warehouse			Feb 2022

8.7 Spend Profile is shown in Table 5 and shows spend of LGF within the Growth Deal period

Table 5

	2020/21 Q3	2020/21 Q4	2021/22 Q1	Total
SELEP Spend	£112,600	£318,300	£436,100	£867,000.00

8.8 The procurement process is taking place during the third quarter of 2020/21 to enable contracts to be in place prior to March 2021

9. Project Benefits

9.1 Project benefits are outlined in Table 6

Table 6 – Scale of Project Benefits

Outputs	Amount	Timing
Newly refurbish public sector asset	One public sector owned asset to be refurbished to provide 1,800 sq m of high-quality commercial floor space.	By March 2021
Floor space	The newly refurbished space will provide dedicated desk space as well as hot desks, and workshops/ work benches with circulation space and break out areas.	By March 2021
Outcome		
Companies in occupation	78 businesses	by 2021/2
Impacts		
Jobs created	186 direct jobs associated with BIW and 64 further jobs supported through business graduation from BIW by year 5 (growing to 369 by year 10)	Over the next 5 years
GVA	£14.5m per annum by year 5	Over the next 5 years

Skills	Improved skills and training provision and increased demand for skilled staff from employers	Over the lifetime of the project
Wider impacts	Improvement in the attractiveness for the area for investment and recruitment; Business creation, growth and retention within the Borough; Building more resilient business community locally; Creating business links and collaboration opportunities between different organisations; Encourage inward investment and private sector support/ involvement	Over the lifetime of the project

9.2 A benefit to cost ratio (BCR) has been carried out which demonstrates an adjusted BCR of 6.7. If the Project were to have a reduction in benefits of around 35% the BCR would still represent 4.04.

Additional Comments around COVID-19

9.3 Early analysis by Government and industry commentators is that flexible workspace that provides targeted and tailored business support will be more attractive to early stage and growing SME's. In fact, it could be argued that the support and equipment proposed in this Project would have been invaluable during the pandemic crisis, given its focus on advanced manufacturing, prototyping, 3-D printing and digital advancements.

10. Outcome of ITE Review

10.1 The Project Business Case has been considered through the ITE process and has been assessed as presenting 'very high' value for money.

10.2 The Project offers high value for money, with a Benefits Cost Ratio (BCR) of 6.7:1.

10.3 Given the uncertainty about the impacts of COVID-19 this will bring about a reduction in certainty around the value for money, but a strong case has been included in the business case for why the demand for the facility will be relatively resilient to the likely economic shocks.

10.4 A clear risk register complete with mitigation mechanisms has been supplied and includes a piece around the demand for STEM and Hi-Tech business space will be resilient to a potential economic downturn as envisaged by the effects of COVID-19.

11 Project Compliance with SELEP Assurance Framework

11.1 Table 7 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 7 – Assessment of the Project against the requirements of the SELEP Assurance Framework

Requirement of the Assurance Framework to approve the project	Compliance (RAG Rating)	Evidence in the Business Case
A clear rationale for the interventions linked with the strategic objectives identified in the Strategic Economic Plan	Green	Clear mention has been made of the A127 Strategic Corridor. Other commentary around alignment is provided.
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 comprehensive risk register has been developed which provides an itemised mitigation. The approach seeks to mitigate the potential for reduced demand for office space providers increased levels of certainty that the forecast benefits will be realised.

Requirement of the Assurance Framework to approve the project	**Compliance (RAG Rating)**	**Evidence 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	A reasonable and proportionate approach has been taken to economic appraisal for a scheme seeking less than £2m, However an adjusted BCR has been tested and shows 6.7 which represents very high value for money

12. Financial Implications (Accountable Body comments)

12.1 In considering the recommendation to award funding to this Project, the Board should note that no funding for new projects can be allocated until the final third of LGF has been received.

12.2 Further, in the event that the LGF allocation for 2020/21 that is subject to review by the MHCLG, is not confirmed for receipt, the Board will need to ensure that it does not approve funding in excess of the total value to be received.

12.3 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.

12.4 Essex County Council as Accountable Body to 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.

12.5 All LGF is transferred to the sponsoring authority under the terms of a Funding Agreement or SLA which makes clear that future years' funding can only be made available when HM Government has transferred LGF to the Accountable Body.

12.6 The Funding Agreements also set out the circumstances under which funding may have to be repaid should it not be utilised in line with the requirements of the grant or in accordance with the Decisions of the Board.

13. Legal Implications (Accountable Body comments)

13.1 There are no substantive legal implications arising out of this report.

14. Equality and Diversity implication

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

a) Eliminate unlawful discrimination, harassment and victimisation and other behaviour prohibited by the Act;

b) Advance equality of opportunity between people who share a protected characteristic and those who do not;

c) Foster good relations between people who share a protected characteristic and those who do not including tackling prejudice and promoting understanding.

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

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

15. List of Appendices

15.1 Appendix 1 – Report of the Independent Technical Evaluator (as attached to Agenda Item 6)

16. List of Background Papers

16.1 Business Case for the Basildon Innovation Warehouse

(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 Peter Shakespear (On behalf of Nicole Wood)	24/06/2020

Report
July 2020

Independent Technical Evaluator - Local Growth Fund Business Case Assessment – Q1 2020/21 Report

South East Local Enterprise Partnership
Our ref: 22790509
Client ref: F1523058

steer

Report
July 2020

Independent Technical Evaluator - Local Growth Fund Business Case Assessment – Q1 2020/21 Report

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1 Independent Technical Evaluation of Q1 2020/21 Growth Deal Schemes

Overview

1.1 Steer was reappointed by the South East Local Enterprise Partnership in April 2016 as Independent Technical Evaluator. It is a requirement of Central Government that every Local Enterprise Partnership subjects its business cases and decisions on investment to independent scrutiny.

1.2 This report is for the review of final Business Cases for schemes which are seeking funding through Local Growth Fund Rounds 1 to 3. Recommendations are made for funding approval on 3rd July 2020 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*[1], and related departmental guidance such as the Department for Transport's WebTAG (Web-based Transport Analysis Guidance) or the DCLG/MHCLG Appraisal Guide. All of these provide proportionate methodologies for scheme appraisal (i.e. business case development).

1.6 Pro forma have been developed based on the criteria of *The Green Book,* a 'checklist for appraisal assessment from Her Majesty's Treasury, and WebTAG and DGLG/MHCLG Appraisal Guide.

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

1.7 Individual criteria were assessed and 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 February and June 2020.

Evaluation Results

1.11 Ten business cases have been assessed for schemes 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.

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

High value for money, high certainty

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

Kent and Medway Medical School (£4m, second tranche of an £8m total allocation)

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

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

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

Kent Strategic Congestion Management Programme -A2/A251 Junction Improvement (£0.5m)

1.17 This is a continuation of improvements being made by Kent County Council to maximise the efficiency of the local highway network as traffic levels increase in line with development. The Programme is being delivered between the financial years 2015/16 and 2020/21 and the total Programme value is £4.8million.

1.18 The A2/A251 project involves the improvement of the existing A2/A251 priority junction to a signal-controlled junction with pedestrian provision. The proposed improvement is intended to relieve congestion, reduce delay and improve access to Faversham and the surrounding area.

1.19 A proportionate and robust economic appraisal of the scheme costs and benefits has been undertaken in line with the Department for Transport's Transport Appraisal Guidance. This analysis shows that the scheme has a benefit cost ratio of 3.8:1 which is indicative of a high value for money categorisation.

1.20 The assumptions used in the appraisal are reasonable, therefore the scheme delivers high levels of certainty for this value for money categorisation.

High value for money, medium/high certainty

Eastbourne Fishermen's Quayside and Infrastructure Development Project (£1.08m)

1.21 This funding request is for Phase 2 and Phase 3 of the wider infrastructure development project. Phase 2 is the development of structures to enable the fleet to safely store fishing gear and also allow the maintenance of gear and equipment in a more controlled environment. Phase 3 will be a heritage / visitor centre and would allow the fleet to actively engage with the local community, visitors and tourists. The building will link directly to the storage and processing facility and will be fundamental in hosting community groups.

1.22 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.

1.23 A thorough and robust economic appraisal has been undertaken considering the land value uplift impacts of the scheme in line with Ministry for Homes, Communities and Local Government's Appraisal Guidance. Appropriate and reasonable assumptions have been made and this analysis shows that the scheme has a benefit cost ratio of 2.2:1 which is indicative of a high value for money categorisation.

1.24 Commentary around mitigation of risk and optimising opportunities has been provided (e.g the current crisis has highlighted the insecurity of long supply chains in the food sector and the scheme promoter will be well placed to take part in the planned 'buy local' campaigns that are being developed as part of the economic response to the COVID-19 crisis in East Sussex). However, sensitivity testing has not been undertaken to reflect the potential for reduced demand for the facility and the impact this might have on the value for money, as a result of the economic repercussions of COVID-19. Therefore, we recommend that the Accountability Board consider the risk that this presents to outturn value for money categorisation.

High value for money, medium certainty

Exceat Bridge Replacement and Improvement to A259 Corridor (£1.5m)

1.25 This project seeks to address a long standing and well known bottleneck within the East Sussex network and contribute towards economic growth, specifically economic connectivity, within the area. The bridge is coming to the end of its serviceable life and has a number of structural defects and layout issues. The existing bridge will be replaced with a new one designed to address these issues and meet the needs of its users

1.26 A proportionate and robust economic appraisal of the scheme costs and benefits has been undertaken in line with the Department for Transport's Transport Appraisal Guidance. This analysis shows that the scheme has a benefit cost ratio of 2.3:1 which is indicative of a high value for money categorisation. We are confident that the strategic and long term nature of the scheme mean that the expected outturn transport user benefits would still be realised in spite of a short term reduction in highway demand resulting from the COVID-19 response.

1.27 An additional £1.4m is being sought from the East Sussex County Council's allocation from the Department for Transport Challenge Fund. It has not yet been possible to confirm this funding as there have been delays to information regarding the status of this funding. Confirmation of the availability of this funding is expected on 28th July 2020.

1.28 Another key dependency is the planning approval from the South Downs National Park Association. Should this not be granted, a replacement bridge could not be built and none of the benefits would be realised. However, this risk is being mitigated by ongoing engagement with the South Downs National Park Association. Greater assurance around the certainty of securing planning approval will be provided on 22nd June 2020.

1.29 As a consequence, before determining whether or not to approve funding for the scheme, we recommend the Accountability Board consider these deliverability risks.

Southend Town Centre Interventions Project (£0.6m, the second tranche of a £1.5m total allocation)

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

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

1.31 The project is supported by a strong strategic case, despite a number of constraints that may affect the suitability of the preferred option. These are well documented and covered by a detailed risk management strategy. However, since submission, the COVID-19 global pandemic has occurred and there is greater uncertainty that the benefits of the scheme can be achieved.

1.32 Reasonable assumptions have been used to populate a version of the (now superseded) framework recommended by the Homes and Communities Agency (now Homes England) Additionality Guide. Benefits are based upon the GVA impacts of additional and safeguarded jobs.

1.33 The resultant economic case represents high value for money, which is robust across a range of suitable sensitivity tests, but the more recent context raises uncertainty around achieving the stated benefits.

A13 Widening (114m)

1.34 A full Business Case was produced for the A13 widening scheme in 2017 and was subsequently awarded funding by the Department for Transport.

1.35 Since being awarded funding the scheme costs have increased, and the opening of the scheme has been delayed. The economic assessments that were carried out in 2017 have therefore been updated to reflect the subsequent changes in costs and scheme openings in order to test whether the scheme would still have been considered to be Value for Money in 2017 with this information.

1.36 The economic appraisal has been carried out in a robust and reasonable manner with the economic case demonstrating that the scheme will provide high Value for money. We note that the BCR for the scheme is 2.1:1 and therefore the value for money categorisation will be very sensitive to any net downside risks and that the level of optimism bias, whilst suitable for a scheme at this stage of development (i.e. under construction), is only 3%. Moreover, this

BCR has significantly decreased from 2.9:1 when the economic appraisal was first undertaken in 2017 and with this change being driven by increasing costs.

1.37 Aligned to this, the costs for the scheme has risk allowance (or contingency) of £3.6m, also around 3% of total costs. This presents the same challenge as above. A relatively small cost overrun would result in additional funding needing to be sought.

1.38 As a consequence, before determining whether or not to approve funding for the scheme, we recommend the Accountability Board consider the risk that a further cost increases would reduce the outturn value for money categorisation to medium.

High value for money, low/medium certainty

1.39 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 and it is estimated that they will achieve high Value for money. However, without 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.

Basildon Innovation Warehouse (£0.87m)

1.40 This project involves conversion of the Green Centre in the Wat Tyler Country Park, into a co-working innovation hub aimed at supporting entrepreneurs and innovators in the area, raising productivity and creating jobs and additional GVA for the borough.

1.41 The Innovation Warehouse will promote enterprise, increase productivity and skills, and create new jobs in the Thames Gateway area. It will provide an inspiring environment alongside specialist facilities, equipment and business support to new, high-tech ventures in vital STEM sectors.

1.42 A proportionate, GVA-based approach to the economic appraisal has been taken. The business case provides details of the forecast number of jobs and the value of those jobs that will be stimulated by delivery of the scheme. This provides a reasonable indication that, were full, monetised economic appraisal undertaken the scheme would represent high value for money however the lack of full, monetised economic appraisal does reduce the certainty of value for money.

1.43 We are satisfied that an overwhelming strategic case has been made for the scheme which provides detail on the way in which the scheme design will support resilience to the potential economic impacts of COVID-19. Moreover, there is minimal risk in the other cases. However, we invite the Accountability Board to consider the risk that a lack of full, monetised benefit cost analysis presents before determining whether or not to approve funding for the scheme.

New Construction Centre – Chelmsford College (£1.23m)

1.44 The delivery of a new construction centre at Chelmsford College will enable the provision of purpose-built accommodation to better prepare learners for employment in the Construction Sector, specifically in multi-construction. This will ensure the skills required for projects such as Bradwell Power Station, Housing and associated infrastructure, development of Garden Communities and the lower Thames Crossing can be developed locally.

1.45 A qualitative approach to the economic case has been taken. The business case provides details of the local benefits that can be expected to result from the scheme. It is estimated that were quantified economic appraisal to be undertaken, this would show that the scheme represents high Value for money however the lack of quantified economic appraisal does reduce the certainty of value for money

1.46 We are satisfied that an overwhelming strategic case has been made for this scheme and that there is minimal risk in the other cases. However, we invite the Accountability Board to consider the risk that a lack of quantified benefit cost analysis presents before determining whether or not to approve funding for the scheme.

East Malling Advanced Technology Horticultural Zone (£1.75m)

1.47 This project will provide the new infrastructure that is required for the Advanced Technology Horticultural Zone (utility services, drainage, groundworks) and see the construction of a new energy centre that will meet the needs of the Zone. It will also provide the first of the planned state-of-the-art glasshouses

1.48 Accelerating investment at East Malling will ensure that NIAB EMR and its partners remain at the cutting edge of research and innovation and are able to secure future public and private sector funding, deliver sustainable growth and productivity gains, and ensure that Kent and Medway remains a world-class leader in horticultural innovation.

1.49 A proportionate, GVA-based approach to the economic appraisal has been taken. The business case provides details of the forecast number of jobs and the value of those jobs that will be stimulated by delivery of the scheme. This provides a reasonable indication that, were full, monetised economic appraisal undertaken the scheme would represent high value for money, however the lack of full, monetised economic appraisal does reduce the certainty of value for money.

1.50 We are satisfied that an overwhelming strategic case has been made for this scheme. There is a risk associated with the match funding of the scheme which is contingent on land sales, which first need to be granted planning permissions in order to be sold at the required value for the scheme. Furthermore, progress in achieving this is on hold due to COVID-19. Assurance is provided that East Malling Trust can secure a commercial loan against the Estate's assets to bridge a potential funding gap however, this presents some uncertainty to deliverability of the scheme and we invite the Accountability Board to consider this risk as well as the risk presented by the lack of full, monetised economic appraisal before determining whether or not to approve funding for the scheme.

High value for money, low certainty

Innovation Park Medway (northern site) – Extended Enabling Infrastructure (£1.5m)

1.51 Innovation Park Medway is located in the North Kent Enterprise Zone. It includes a southern and northern site. Medway Council is carrying out Rochester Airport Infrastructure Improvements with £4.4m LGF round 2 investment, and has secured £3.7m to develop the infrastructure on the first phase of the northern site; the council has also sought £650,000 Growing Places Funding to develop the southern site. This funding request focuses on the southern half of the less developed northern site.

1.52 This project involves extended access roads and footpaths; drainage and water; a new primary substation; a number of secondary substations to be agreed with UK Power Networks based on capacity; provision of gas; and trenching for broadband.

1.53 A thorough and robust economic appraisal has been undertaken considering the land value uplift impacts of the scheme in line with Ministry for Homes, Communities and Local Government's Appraisal Guidance. Appropriate and reasonable assumptions have been made and this analysis shows that the scheme is categorised as high value for money. We note that the BCR for the scheme is 2.1:1 and therefore the value for money categorisation will be very sensitive to any net downside risks. Moreover, sensitivity testing has not been undertaken to reflect the potential for reduced demand for the facility, and the impact this might have on the value for money.

1.54 It is also noted that Highways England have a holding objection on the Innovation Park Medway Masterplan and there are outstanding areas of discussion around this. The business case has provided assurance that these discussions are taking place but has given no confirmation on when the holding objection will be lifted.

1.55 We would invite the Accountability Board to consider the risks to deliverability and value for money before determining whether or not to approve funding for this scheme.

Change Requests

1.56 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.

1.57 One scheme has come forward for this Accountability Board for decision – USP College Centre of Excellence for Digital Technologies and Immersive Learning).

USP CEDTIL

1.58 Essex County Council is seeking approval to reallocate funding that was initially planned for the construction of new building at Seevic Campus at Benfleet., for the re-purposing and refurbishment of a section of a building at Canvey Island Skills Centre.

1.59 The original of scope of the project was to fund the development of:

- 600m2 of new/ improved learning/ training and business support floor-space on USPs Seevic Campus.
- 4 new immersive learning and collaborative working suites.

1.60 The original business case for USP CEDTIL, as reviewed by Steer in July 2019 was based on a scheme cost of £2,016,000. The allocation from the Local Growth Fund was less than £2m therefore the scheme was exempted from the need for full, monetised economic appraisal. The lack of full, monetised economic appraisal did reduce the certainty of value for money. We were satisfied that an overwhelming strategic case has been made for this scheme, but that there was a deliverability risk due the fact that planning permission had not yet been secured. It was our assessment, therefore that the scheme represented high value for money, with a low level of certainty of that value for money.

1.61 As a result of the change to scope, the project outcomes will not change and the SELEP contribution will not change. The facility will be at a different location to the initially proposed site however clarification has been provided by the scheme promoter that the new location is well connected by public transport. Moreover, the use of the new location at Canvey Skills Centre means that there are no planning requirements.

1.62 The removal of this deliverability risk and the fact that scheme costs and impacts are not changing means certainty of value for money for of the scheme increases. However the lack of full, monetised economic appraisal means that there remains some uncertainty around value for money. With the changed scope considered, the scheme now represents high value for money with low/medium certainty of achieving that value for money.

Table 1.1: Gate 1 & 2 Assessment of Growth Deal Schemes seeking Approval for Funding for Q1 2020/21

Scheme Name	LGF 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
Outline business cases										
Kent and Medway Medical School	**£8m**	**Gate 1: 2.42**	Green	Amber	Green	Amber	Amber	A reasonable approach has been adopted using MHCLG guidance. Justification for not using land value as a measurement of benefit in the business case has been made.	The methodology has been applied accurately. Justification for some assumptions in the Economic Case required.	Certainty would be improved with the application of some sensitivity tests surrounding the value for money of options.
		Gate 2: 2.42	Green	Green	Green	Green	Green	As above.	Justification has been provided which gives confidence that the approach is robust.	Additional sensitivity tests have provided additional confidence in the value for money of the scheme.
Kent Strategic Congestion Management Programme - A2/A251 Junction Improvement	**£0.5m**	**Gate 1: 3.8**	Amber /Green	Amber	Green	Amber	Amber	A reasonable and proportionate approach to monetising benefits and costs of the scheme has been taken.	The analysis has been undertaken in a robust way in line with Department for Transport's TAG.	Justification for some assumptions in the Economic Case would increase certainty of value for money..
		Gate 2: 3.8	Green	Green	Green	Green	Green	As above.	As above	Justification has been provided which gives confidence that the approach is robust.
Eastbourne Fishermen's Quayside and Infrastructure Development Project	**£1.08m**	**Gate 1: 2.2**	Amber /Green	Green	Green	Green	Amber /Green	A reasonable approach has been adopted using MHCLG guidance.	The methodology has been applied accurately.	A greater consideration of risk and identification of mitigation strategies would increase certainty of deliverability.

Scheme Name	LGF 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
		Gate 2: 2.2	Green	Green	Green	Green	Green	As above.	As above	An enhanced risk register has been provided providing assurance that risk are being appropriately managed.
Exceat Bridge Replacement and Improvement to A259 Corridor	**£1.5m**	**Gate 1: 2.3**	Amber /Green	Green	Green	Amber	Amber	A reasonable and proportionate approach to monetising benefits and costs of the scheme has been taken.	The analysis has been undertaken in a robust way in line with Department for Transport's TAG.	There is uncertainty around the availability of match funding and whether planning approval will be secured.
		Gate 2: 2.3	Green	Green	Green	Amber	Amber	As above.	As above	As above
Southend Town Centre Interventions Project	**£1.5m**	**Gate 1: 5.1**	Green	Amber	Amber	Red	Amber	The value for money assessment is based on the GVA impacts of additional and safeguarded jobs. This is reasonable given the scale of funding requested.	Assumptions are clearly outlined with appropriate rationale. There are some assumptions with regards to inflation that need to be better explained.	Certainty would be improved with the application of some sensitivity tests for both the preferred option and the do minimum option.
		Gate 2: 5.1	Green	Green	Green	Amber	Green	As above.	All assumptions now well documented.	Additional sensitivity tests undertaken which provide greater confidence in the relative value for money of options, however this scheme may be more prone to the negative secondary impacts of COVID-19.

Scheme Name	LGF 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
A13 Widening	**£82m**	**Gate 3: 2.1**	**Green**	**Amber**	**Green**	**Amber /Green**	**Green**	A reasonable and proportionate approach to monetising benefits and costs of the scheme has been taken.	The analysis has been undertaken in a robust way in line with Department for Transport's TAG.	The BCR for the scheme is 2.1:1, and therefore the value for money categorisation will be very sensitive to any net downside risks, along with 3% optimism bias and risk allowance. This presents some uncertainty around the scheme presenting high value for money and a risk around the need for further funding should there be any further cost overruns.
Basildon Innovation Warehouse	**£0.87m**	**Gate 1: 6.7**	**Amber /Green**	**Amber**	**Green**	**Green**	**Amber /Green**	A reasonable and proportionate approach has been taken to economic appraisal for a scheme seeking less than £2m.	A GVA-based approach has been undertaken using a methodology that provides confidence that findings are robust.	As full, monetised economic appraisal has not been undertaken there remains a low level of uncertainty around the benefit cost ratio and value for money of the scheme
		Gate 2: 6.7	**Green**	**Amber**	**Green**	**Green**	**Green**	As above	As above	As above
New Construction Centre, Chelmsford	**£1.3m**	**Gate 1: Not quantified**	**Green**	**Amber**	**Green**	**Green**	**Green**	A reasonable and proportionate approach has been taken to economic appraisal for a scheme seeking less than £2m.	The qualitative approach has been undertaken using a methodology that provides confidence that findings are robust.	As monetised economic appraisal has not been undertaken there remains a low level of uncertainty around the benefit cost ratio and value for money of the scheme.

Scheme Name	LGF 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
East Malling Advanced Technology Horticultural Zone	**£1.75m**	**Gate 1: 2.3**	Amber /Green	Amber	Amber /Green	Amber	Green	A reasonable and proportionate approach has been taken to economic appraisal for a scheme seeking less than £2m.	A GVA-based approach has been undertaken using a methodology that provides confidence that findings are robust.	As full, monetised economic appraisal has not been undertaken there remains a low level of uncertainty around the benefit cost ratio and value for money of the scheme. There is also a risk around the availability of match funding which is dependent on land sales.
		Gate 2: 2.3	Green	Amber	Green	Amber	Green	As above	As above	As above
Innovation Park Medway (northern site) – Extended Enabling Infrastructure	**£1.5m**	**Gate 2 Update: 2.1**	Green	Amber /Green	Green	Green	Amber	A reasonable approach has been adopted using MHCLG guidance.	The methodology has been applied accurately.	The BCR for the scheme is 2.1:1, and therefore the value for money categorisation will be very sensitive to any net downside risks. Certainty would be increased with the application of sensitivity testing. There remains a delivery risk as Highways England have not yet lifted their holding objection on the wider masterplan.

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Report title: Exceat Bridge Replacement LGF Funding Decision	
Report to Accountability Board on 3rd July 2020	
Report author: Helen Dyer, SELEP Capital Programme Officer	
Date: 11.06.2020	**For:** Decision
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SELEP Partner Authority affected: East Sussex	

1. Purpose of Report

1.1 The purpose of this report is for the Accountability Board (the Board) to consider the award of £2,110,579 Local Growth Fund (LGF) to the Exceat Bridge Replacement project (the Project) in Seaford, East Sussex.

1.2 The full Business Case has now been developed and has been considered through the Independent Technical Evaluation (ITE) process. The ITE assessment confirms that the Project presents high value for money with medium certainty of achieving this.

1.3 The Project remains at a relatively early stage of development and planning consent for the Project is not due to be confirmed until July 2021. As the LGF spend is being front loaded, to increase LGF spend by the end of the Growth Deal period, this creates a risk of abortive costs for East Sussex County Council, if planning consent is not secured and the project cannot proceed.

1.4 The Project does not currently strictly meet the conditions for LGF spend beyond the Growth Deal, as the full funding package is not yet in place and delivery timescales have changed since the Project was considered by the Strategic Board for spend beyond the Growth Deal. The benefits of the Project will have an indirect impact in supporting the Lewes District Local Plan, rather than unlocking specific development sites. The Board is asked to consider these points in determining whether the £2.111m LGF funding award should be made to the Project.

2. Recommendations

2.1. The Board is asked to:

2.1.1. **Note** the risk of abortive costs being incurred, if planning consent is not secured and the Project is unable to proceed. Any abortive LGF spend must be repaid by East Sussex County Council (ESCC) to the SELEP Accountable Body.

2.1.2. **Note** that a further decision will be sought from the Strategic Board to determine how the funding should be directed if only part of the final third of LGF, allocated to SELEP in 2020/21, be confirmed by Government.

2.1.3. **Approve** the award of £2,110,579 LGF for the delivery of the Project which has been assessed as presenting high value for money with medium certainty of achieving this, subject to:

2.1.3.1. receipt of written confirmation from the East Sussex County Council S151 officer that all funding has been secured to enable delivery of the Project;

2.1.3.2. the Strategic Board reaffirming support for the LGF spend beyond the Growth Deal; and

2.1.3.3. The final third of the 2020/21 LGF allocation being transferred by the Ministry of 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.

2.1.4. **Note** that no LGF will be transferred to ESCC for the delivery of the Project until the conditions set out in 2.1.3. have been satisfied.

3. Background

3.1. The Project has been allocated £2,110,579 LGF to support the Exceat Bridge Replacement and Improvement to the A259 Corridor between Seaford and Eastbourne, which aims to address a long standing and well-known bottleneck within the East Sussex network and contribute towards economic growth, specifically economic connectivity, within the area.

3.2. At the SELEP Investment Panel of 28th June 2019 £1.5m was allocated to the project as tranche 1 of the funding, with £610,579 being allocated in tranche 2 in February 2020. These allocations are subject to the final third of LGF being received from MHCLG.

3.3. As set out within the capital programme report, SELEP is awaiting confirmation from MHCLG of the final third of LGF, £25.958m, which has been allocated to SELEP in 2020/21 but has not yet been confirmed.

3.4. The award of funding to the Project is therefore subject to the remaining third of LGF funding being confirmed in writing by MHCLG. In the event of only part of the final third of LGF being confirmed by MHCLG, the Strategic Board will be asked to determine how this funding should be directed.

3.5. No funding will be transferred to ESCC in relation to the Project until the final third of LGF has been formally confirmed by MHCLG or, under a scenario where only part of the final third is transferred, the Project has been prioritised by the Strategic Board for the funding available.

East Sussex County Council and Team East Sussex, Federated Board, will be reviewing its project priorities over the coming months. If an existing LGF project is identified, which can accept a charge over it until the final third of LGF is confirmed, this variation to the decision will be brought forward for consideration at a future Board meeting, for agreement by the Board.

4. Exceat Bridge Replacement (the Project)

4.1. The Project seeks to replace the deteriorating Exceat road bridge over the Cuckmere River to improve connectivity, unlocking the full capacity of the network to support employment and housing growth.

4.2. Exceat Bridge is part of the A259, one of the principal road networks in East Sussex which serves two of the County's growth areas for housing and employment; Newhaven and Eastbourne/South Wealden. The A259 is a critical route for economic connectivity from the East of the county, along the East Sussex coast to Brighton and through to West Sussex, including linkage to a key port at Newhaven. The A259 is part of the Department for Transport's Major Road Network (MRN) of economically important Local Authority A class roads which were announced in December 2018.

4.3. Access is currently constrained by the narrow one lane bridge across the Cuckmere River with priority being given to traffic from the west and the lack of sufficient footpath provision between the bridge and the Seven Sisters Country Park visitor centre. The bridge causes a bottleneck on the A259 creating congestion, capacity and pollution issues. The poor footway provision between the bridge and visitor centre limits the access for pedestrians and cyclists and impedes the Natural England's Coastal Path and National Cycle Network. The bridge is also coming to the end of its serviceable life and has a number of structural defects. The proposed scheme would involve the replacement of the existing bridge with a new two-lane bridge over the river and improvements for pedestrians towards the visitor centre.

4.4. In January 2017, the Project was awarded £2.13m National Productivity Investment Fund. The Project is at the stages of surveys, investigation, environmental impact studies, preliminary design and stakeholder engagement but the expected costs of the Project has increased as further development work has been undertaken. Without the additional funding from LGF, a replacement bridge would not be affordable and a less favourable option would have to be deployed, meaning that the Project would not realise its full benefits such as removing the bottleneck and improving network resilience.

4.5. With the replacement and improvement of the existing bridge, there will be better provision for pedestrians with a footpath on the south side of the bridge so pedestrians do not need to cross the busy A259 when travelling between the bridge and Seven Sisters Country Park.

4.6. The project will address current constraints, including:

4.6.1. major congestion due to constrained traffic flow/capacity issues which results in long queues of traffic in both directions from the bridge;
4.6.2. poor access for pedestrians
4.6.3. increasing pollution and health inequalities; and
4.6.4. lack of long-term network resilience.

4.7. The economic benefits of the Project, based on the options recommended in section 6 below, would be creating smooth, reliable transport routes on part of the major road network which has been identified as one of East Sussex's broad economic corridors and plays a critical role in the economic connectivity between two growth areas in the county. The improvements would allow for essential growth in the area in terms of housing, business and tourism by providing a network that road users can rely on and not encounter substantial delays when commuting or on business travel.

4.8. The Project will create in the region of 23 local jobs and offer opportunities for local apprentices and work experience. Although the Project will not directly unlock new sites for development in this location, it will do so indirectly through an improved transport network and reduced journey times; this will support growth in the local areas of Eastbourne, Seaford and Newhaven.

4.9. In summary, the intended benefits include:

4.9.1. improved accessibility and capacity in the area enabling the planned growth of nearby towns and encouraging commerce and tourism;
4.9.2. better travel options and times for business, residents and tourists along the A259 corridor;
4.9.3. creation of 23 construction jobs as part of the installation of the new bridge;
4.9.4. reduction of current maintenance spend on a deteriorating bridge;
4.9.5. safer and better access for pedestrians and cyclists;
4.9.6. increased sustainable travel options via better provision for pedestrians, cyclists and public transport;
4.9.7. reduced congestion in the area and across the network;
4.9.8. reduction in congestion will help to reduce the impact on the environment and improve air quality/decrease C02 emissions; and
4.9.9. issues and concerns currently experienced by local communities and visitors to the area will be addressed and this will help to encourage more tourism to the area.

5. Project risks and constraints

5.1. The planning application of the Project is not due to be submitted until February 2021.

5.2. The main constraint to delivery sits with the requirement for the South Downs National Park Authority (SDNPA) to approve the scheme design and Environment Agency (EA) approval as the bridge would be constructed over a tidal river. This potential constraint is already being managed, with ongoing engagement with the SDNPA and EA and the sharing of a pre application advice report around the options considered and explored for the new bridge. A Pre-Planning Application (PPA), to agree timescales, response times and schedules and to allow constant liaison between ESCC and the SDNPA, has been signed between ESCC and the SDNPA which will also aid the planning permission process.

5.3. Further engagement has been carried out with the SDNPA during the early part of 2020. A final meeting will be held on 22 June 2020 to establish a preferred alignment option with the SDNPA – if there is a successful outcome this will give greater assurance of planning approval.

5.4. Risks regarding land acquisition are currently unknown as the exact alignment of the bridge is not yet finalised – different alignments have different land requirements. A decision is expected following consultation with the SDNPA on 22 June. Depending on the level of support from the landowner there could be anything from a very low to very high risk of delay to the Project. Early engagement will take place with the relevant landowners from July 2020 to minimise the risk of disruption. There is also a risk that construction within Flood Plain could lead to delays in agreeing the nature of the scheme with the Environment Agency.

6. Impact of COVID-19 on Project

6.1. Additional risks as a result of the Covid-19 Pandemic have been considered by ESCC and are currently all scored as RAG 1 or RAG 2 (1 to 5 where 1 is green and 5 is red) as below:

Risk to total project cost – No increase to cost as a direct result of the pandemic has been incurred so far. Without further information on future restrictions it is not possible to say whether there will be an impact on costs in the future. However, the Project is still at the design stage and the majority of activities can be largely completed off-site using desk-top data without further resources being necessary. If current restrictions were to continue it is possible that there might be a slight increase in cost to works on site from August 2021 when the pre-construction works are due to start, due to the cost of additional safety measures. The risk of cost increases has been set out in the risk register and if there are any increases, over and above the Project cost, these will be borne by ESCC. Currently RAG 3

Risk to project delivery programme - The impact of the pandemic and restrictions imposed by the Government on the project programme have not caused any significant slippage so far, however future progress is unpredictable. The Project is still within the design stage and the majority of activities can be largely completed off-site using desk-top data. Although it is impossible to estimate the degree of slippage with any certainty at this stage, if restrictions are increased again there would likely be delays to any on-site work. Currently RAG 2

Risk to project viability – The project is expected to remain viable despite the impact of Covid 19 subject to costs and benefits remaining within reasonable limits. RAG 3

Risk to realisation of project benefits – An increase or decrease in the number of vehicles using the route could have an impact on the project benefits, although it is not expected to have a long-term impact. Future traffic predictions are currently being discussed and researched, so it is too early for us to know the possible impact. RAG 2

7. Options

7.1. Through the development of the Project, consideration has been given to the different options available. These options were assessed by professional design leads within Jacobs and Costain, the joint venture partners for East Sussex Highways contract, and are considered within the Business Case.

7.2. Four options were identified in order to address the constraints and structural defects of the existing bridge. These were:

7.2.1. Option 1: Replace bearings and repaint the original girders
7.2.2. Option 2: Replace bearings, provide vehicular containment parapets
7.2.3. Option 3: Widen the existing deck, replace bearings and reconstruct existing deck with vehicular containment parapets
7.2.4. Option 4: Build new bridge and demolish the existing bridge (preferred option) - this option represents the Project detailed in this report

7.2.5. *Replace bearings and repaint the original girders* – this option addresses the key structural issues with the bridge and would allow the deck to behave in the manner to which it was designed. However, it fails to address the lack of vehicle containment afforded by the bridge, or the poor road alignment on the western approach. The sub-standard carriageway width over the bridge and the severe congestion caused by the priority system would also remain causing a massive public dissatisfaction

7.2.6. *Replace bearings, provide vehicular containment parapets* - this option addresses the key structural issues with the bridge and would allow the deck to behave in the manner to which it was designed. New parapets would provide vehicle containment. This option also includes the removal of the original girders reducing future maintenance liabilities. However, this option fails to address the poor road alignment on the western approach, or the sub-standard carriageway width over the bridge which, coupled with the continued existence of the priority system, would fail to reduce the severe congestion that exists at peak times. This would cause huge public dissatisfaction.

7.2.7. *Widen the existing deck, replace bearings and reconstruct existing deck with vehicular containment parapets* - this option would involve extending the abutments to the north of the existing structure and widening the deck to allow two way traffic flow, as well as a mixed used pedestrian/cycleway route on the south side of the road. It addresses all the structural issues present in the existing bridge and most of the deficiencies associated with the sub-standard road alignment.

7.2.8. *Build new bridge and demolish the existing bridge* – this would involve building a totally new independent bridge to the north of the existing bridge. The bridge will have two lanes and a footway/cycleway on the south side. This option overcomes all the deficiencies as an entirely new “modern” bridge will be constructed, parallel with the existing bridge. Upon completion of the new bridge, the existing bridge will then be demolished and the banks re-graded. The road alignment will be improved, with a full width carriageway provided, which will reduce congestion.

7.3. When the option appraisal was carried out there was only an initial budget provision of £500k, which meant only Option 1 was financially viable. However, adoption of this option would leave key structural, vehicle containment and road alignment deficiencies outstanding. Following the National Productivity Investment Fund (NPIF) allocation of £2.13m, further options became viable. Option 2 would address the key structural issues, but it fails to improve traffic flows (or safety) over the bridge. Adopting option 3 would address the key structural issues and most of the alignment deficiencies. However, it would result in a structure, half of which will be new and half of which is already 140 years old.

7.4. Using the £2.13m National Productivity Investment Fund, only options 1-3 would be affordable. Options 1-3 could address the key structural issues but even with these improvements, a weight limit restriction is likely to be necessary within the next 5yrs. This would have a major detrimental impact as the A259 is part of the major road network and heavily used by goods vehicles and buses serving local communities and tourists in the National Park.

7.5. Option 4 (build new bridge and demolish the existing bridge) is viewed as the preferred option by ESCC. It overcomes all the deficiencies as an entirely new “modern” bridge will be constructed, parallel with the existing bridge.

8. Public consultation and engagement

8.1. There is wide stakeholder support for a realigned 2-way bridge and improved access for pedestrians. Consultation and engagement continues with these stakeholders as the project progresses and a communication plan has been created. There is significant public support for improvements at Exceat with ESCC continually receiving numerous complaints and enquiries.

8.2. To date, there has been engagement with stakeholders in developing the Project design work, but the public consultation will be undertaken as part of the submission of the planning application in February 2021 for the Project.

9. Project Cost and Funding

9.1. The total Project cost is £6,162,699 as set out in Table 1 below.

9.2. The Project funding package includes funding contributions from the following sources:

9.2.1. £2,110,579 LGF allocation (including tranche 1: £1,500,000 and tranche 2: £610,579);

9.2.2. £2,133,000 from National Productivity Investment Fund (NPIF) – this is dependent on planning approval which is being mitigated by the justification report and significant engagement ahead of planning application submission (Secured)

9.2.3. £500,000 from ESCC's Capital Programme - also is dependent on planning approval which is being mitigated by the justification report and significant engagement ahead of planning application submission (Secured)

9.2.4. The remaining funding (£1,419,120) is to be secured from ESCC's Challenge Fund (Not Secured).

Table 1 – Exceat Bridge Replacement Funding Profile (£'000)

	Up to 2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	**Total £'000**
SELEP LGF				734	742	635	**2,111**
NPIF	57	226	665		543	642	**2,133**
ESCC Capital Programme					500		**500**
ESCC TBC						1,418	**1,418**
Total	**57**	**226**	**665**	**734**	**1785**	**2,605**	**6,162**

9.3. A key financial risk to the Project is that there is currently a £1.418m funding gap. ESCC was recently allocated £7.7m from the Department for Transport towards potholes and highways maintenance. There are no specific proportions set by the DfT for how the funding should be allocated across, pothole and highway maintenance schemes. It is therefore for ESCC to determine the best use for this funding according to the local priorities.

9.4. The Project is due to be considered by ESCC's Capital Board and Cabinet to request £1.418m from East Sussex's share of the Department for Transport Challenge Fund and a reprofiling of the capital programme for the Highways and Structural Maintenance budget. A decision is expected in July 2020.

10. Project spend beyond the Growth Deal period

10.1. In March 2020, in light of the impact of COVID-19 causing delays across the LGF programme, the Strategic Board agreed to extend the Growth Deal period to 30th September 2020, with further extensions to this date to be considered on a case by case basis.

10.2. Due to changes to the scope of the Project to meet stakeholder expectations/ requirements, the programme has slipped since the original business case was considered by the Investment Panel. Spend of the LGF allocation to the Project will extend beyond the end of the Growth Deal period.

10.3. On 15th February 2019 the Board agreed that LGF spend could continue beyond the end of the Growth Deal period for certain projects, on an exceptional basis, subject to five conditions being satisfied.

10.4. ESCC have provided the following update which considers each of the five conditions below:

10.4.1. <u>Condition 1: A clear delivery plan with specific delivery milestones and completion date to be agreed by the Accountability Board</u>

Details of the delivery plan are included in the Full Business Case. The key milestones are set out below. Whilst the key milestones have been provided, the planning application for the Project has not yet been submitted or determined. This creates a risk to the programme and deliverability of the Project.

Table 2: Key milestones within the Project programme

Milestone	Description	Indicative date
Scheme Commencement/ commencement of expenditure	Early works packages such as environmental and topographical surveys	June 2018

	Development of an EIA scoping report to agree the replacement bridge proposal with the SDNPA	
Preliminary and detailed design solutions	Design phases involving consultation with discipline lead, exploration of design options and agreed proposal to determine construction details Ongoing engagement with key stakeholders	June 2018 – preliminary design March 2021 – detailed design
Planning application	Planning application submission to SDNPA by February 2021. Planning application determination by July 2021.	July 2021
Pre-construction works	Pre-construction works including environment mitigation.	October 2021
Construction start date	Site mobilisation and construction of the replacement bridge and adjoining footway Opening of the new bridge and demolition of the old	December 2021
Scheme completion	Demobilisation and new bridge and pathway fully functional and open for use	End 2022/Early 2023 *LGF funding would be front loaded to ensure some spend ahead of the March 2021 deadline

10.4.2. <u>Condition 2: A direct link to the delivery of jobs, houses or improved skills levels within the SELEP area</u>

Ahead of the project completion date there will be 23 construction worker jobs created through the bridge works and additional jobs created through the footway improvement works (the number of jobs is to be confirmed as the resource plans for this part of the project are currently being determined).

Additionally, civil engineer apprentices currently working within East Sussex Highways design teams will be given the opportunity to work on the project throughout all the development stages.

Indirectly the Project will provide the infrastructure and accessibility to support the delivery of new housing and employment in the area, beyond the LGF period of 2021. On completion, the Project would support the delivery of the Lewes District Local Plan Core Strategy's proposed 6,900 homes in the district via improving the capacity across the A259.

Improvements to journey time reliability on the A259 corridor will improve business confidence in the connectivity of the Newhaven area and labour market accessibility.

Whilst the Project will have an indirect impact in supporting development, the justification provided by ESCC does not identify any specific development sites which are directly dependent on the delivery of jobs, houses or skills through the benefits of the Project.

10.4.3. Condition 3: All funding sources identified to enable the delivery of the Project. Written commitments 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 period

The £0.5m contribution from ESCC's capital programme and £2.133m National Productivity Investment Fund has been secured.

As set out in section 9 above, there is currently a £1.418m funding gap. Written confirmation is required from ESCC's S151 officer to confirm that all funding sources are in place to deliver the Project following the completion of ESCC's internal governance processes in July 2020.

10.4.4. Condition 4: Endorsement from the SELEP Strategic Board that the funding should be retained against the Project beyond Growth Deal

The Project was considered and endorsed by the Strategic Board for LGF spend beyond the Growth Deal in January 2020, with the caveat that the Project will come back to the Board for review if there are any significant changes regarding planning approval, project deliverability or the availability of other funding towards this Project.

At the point of consideration by the Strategic Board is was expected that construction would commence by 31st March 2021. However, the latest delivery programme does not show construction works commencing until December 2021.

The amount of LGF spend beyond the Growth Deal has also increased from £1.072m to £1.377m..

10.4.5. Condition 5: Contractual commitments being in place with the construction contractors by 31st March 2021 for the delivery of the Project

ESCC have confirmed that contractual commitments will be in place with construction contractors by 31st March 2021. However, according to the Project milestones set out in Table 2, pre-construction works, including environmental mitigation works will not commence until October 2021 and construction works until December 2021.

Using ESCC's highways contract joint venture means that officers can ensure that the procurement strategy enables full Project mobilisation within the funding period. The Project has already been programmed into the contractor's overall work programme for the financial year as set out in the Employers Service Requirement Plan which is signed off by ESCC.

10.5. The information provided by ESCC above, provides delivery milestones and confirmation that the project can be contractually committed by the end of the Growth Deal in March 2021, but risks remain due to the project still being at a relatively early stage of development. Planning consent has not yet been secured and construction works are not due to commence until December 2021.

10.6. For the Project to fully satisfy the conditions for LGF spend beyond the Growth Deal, re-endorsement is required from the Strategic Board and confirmation that the remaining funding has been secured is required from ESCC's S151 officer.

11. Outcome of ITE review

11.1. A combined business case for tranche 1 and tranche 2 has been reviewed through the ITE process and has been assessed as presenting high value for money with medium certainty of realising this.

11.2. The business case has been prepared following Department for Transport guidance and using reasonable assumptions and appraisal tools.

11.3. The ITE assessment has confirmed that a strong case has been made for the Project and the ITE are satisfied that realisation of the forecast benefits would be resilient to the uncertainty presented by COVID-19.

11.4. This analysis shows that the Project has a benefit cost ratio of 2.3:1 which is indicative of a high value for money categorisation. The ITE has commented that given the strategic and long-term nature of the scheme, this provides confidence that the expected outturn transport user benefits will still be realised in spite of a short-term reduction in highway demand resulting from the COVID-19 response.

11.5. The key risk is the funding gap which ESCC are seeking to bridge with local capital sources. There will not be confirmation of this funding availability until 28th July 2020. If LGF were to be awarded at the Accountability Board, it should be on condition of availability of the match funding.

12. Project Compliance with SELEP Assurance Framework

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

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

Requirement of the Assurance Framework to approve the project	Compliance (RAG Rating)	Evidence in the Business Case
A clear rationale for the interventions linked with the strategic objectives identified in the Strategic Economic Plan	Green	The Business Case provides clear justification for the Project which supports local, regional and national policy, and a strong alignment with the 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 expected project outputs and outcomes are set out in the Business Case and are detailed in the Economic Case. The Department for Transport's TAG guidance have been used to assess the expected outputs and outcomes of the Project.
Considers deliverability and risks appropriately, along with appropriate mitigating action (the costs of which must be clearly understood)	Green	A quantified risk assessment has been provided which provides itemised mitigation measures. Consideration has also been given to the impact of COVID-19 on the project.
A Benefit Cost Ratio of at least 2:1 or comply with one of the two Value for Money exemptions	Green	A BCR of 2.3:1 has been identified, providing 'high' value for money.

13. Financial Implications (Accountable Body comments)

13.1. In considering the recommendation to award funding to this Project, the Board should note that no funding for new projects can be allocated until the final third of LGF has been received.

13.2. Further, in the event that the LGF allocation for 2020/21 that is subject to review by the MHCLG, is not confirmed for receipt, the Board will need to ensure that it does not approve funding in excess of the total value to be received.

13.3. 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.

13.4. Essex County Council, as the Accountable Body, is responsible for ensuring that the LGF funding is utilised in accordance with the conditions set out by Government for use of the Grant.

13.5. All LGF is transferred to East Sussex County Council 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.

13.6. 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.

14. Legal Implications (Accountable Body comments)

14.1. There are no legal implications arising out of this decision. The allocation will be released to East Sussex Council in accordance with the terms and conditions of the Service Level Agreement (SLA) already in place. It will be the responsibility of East Sussex Council to ensure that there is a satisfactory back to back agreements in place, ensuring that the conditions of the SLA formulate the basis of any agreement put in place.

15. Equality and Diversity implication

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

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

(b) Advance equality of opportunity between people who share a protected characteristic and those who do not;

(c) Foster good relations between people who share a protected characteristic and those who do not including tackling prejudice and promoting understanding.

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

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

16. List of Appendices

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

17. List of Background Papers

17.1. Business Case for the Exceat Bridge Project

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

Role	Date
Accountable Body sign off Peter Shakespear (On behalf of Nicole Wood, S151 Officer, Essex County Council)	24/06/2020

Forward Plan reference number: FP/AB/278

Report title: Eastbourne Fisherman's Quayside and Infrastructure Development Project LGF funding decision	
Report to Accountability Board on 3rd July 2020	
Report author: Helen Dyer, SELEP Capital Programme Officer	
Date: 15th June 2020	**For:** Decision
Enquiries to: Helen Dyer, Helen.dyer@southeastlep.com	
SELEP Partner Authority affected: East Sussex	

1. Purpose of Report

1.1 The purpose of this report is for the Accountability Board (the Board) to consider the award of £1.08m LGF to Eastbourne Fishermen's Quayside and Infrastructure Development project (the Project). This project has been identified by the Investment Panel as a priority through the LGF3b pipeline development process.

1.2 The Business Case for the Project has been considered through the Independent Technical Evaluation (ITE) process and the Project has been assessed as presenting high value for money with medium to high certainty of achieving this.

2. Recommendations

2.1. The Board is asked to:

2.1.1. **Note** that a further decision will be sought from the Strategic Board to determine how the funding should be directed if only part of the final third of LGF, allocated to SELEP in 2020/21, be confirmed by Central Government.

2.1.2. **Agree** the award of £1.08m LGF to support the delivery of the Project identified in the Business Case and which has been assessed as presenting high value for money with medium to high certainty of achieving this, subject to the final third of the 2020/21 LGF allocation being transferred by the Ministry of Housing Communities and Local Government (MHCLG) in full or the Strategic Board prioritising the Project for funding should only part of the final third of LGF be confirmed by Government (as set out in 2.1.1 above).

2.1.3. **Note** that no LGF will be transferred to East Sussex County Council for the delivery of the Project until the conditions set out in 2.1.2. have been satisfied.

3. Project overview

3.1. 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.

3.2. The site is currently used for the open-air landing and preparation of fish and shellfish by Eastbourne's inshore static gear fishing fleet. Fish are caught, landed and sold on the same day, exposing local fishermen to short-term swings in supply and demand.

3.3. The current open-air arrangement presents a risk to the public, who are not allowed on the site, as well as to the fisherman themselves. The project aims to improve working conditions through the provision of on-site toilets and access to running water. In addition, the project seeks to provide storage facilities for the fleet's fishing equipment which will both improve safety on the site and help safeguard the condition of this equipment.

3.4. The wider project will be delivered through three phases, as follows:

3.4.1. Phase 1 will deliver the completion of site works, drainage and servicing for the whole site, alongside delivery of a three storey, 270m^2 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.

3.4.2. Phase 2 will deliver two buildings, which are joined on the upper floors, offering 360m^2 of new space. The ground and first floors will provide storage space for fishing and landing equipment as well as a repair workshop.

3.4.3. Phase 3 will deliver a 150m^2 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) (the delivery partner) 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.

3.5. Delivery of Phase 1 of the wider project was awarded £1.15m from the Growing Places Fund (GPF) in December 2017 and an update on progress is provided in section 4 of this report.

3.6. LGF funding is being sought to support the delivery of Phases 2 and 3 of the wider project.

4. Eastbourne Fisherman's Quayside and Infrastructure Development Project – Phase 1

4.1. In December 2017 the Board approved the allocation of £1.15m of GPF funding to support the delivery of Phase 1. As set out in Section 3.4.1., Phase 1 will deliver the completion of site works, drainage and servicing for the whole site (including the footings for the buildings which will be delivered as part of Phases 2 and 3), alongside delivery of a three storey, 270m^2 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.

4.2. Since the GPF funding was awarded a number of issues have been encountered which have significantly delayed progress. The Business Case considered by the Board in December 2017, set out the intention for the Eu10CIC to purchase the land at Sovereign Harbour where the Fisherman's Quay is to be constructed. The required land was owned by Carillion, and before the land purchase could be completed Carillion went into liquidation in January 2018. During the liquidation process, the land was sold to Premier Marinas Ltd.

4.3. Following this purchase, Premier Marinas entered into discussions with the Eu10CIC regarding the potential for a long leasehold on the site, which would allow the Fisherman's Quay to be constructed thereby protecting the fishing fleet in Sovereign Harbour. Whilst agreement was reached between Premier Marinas and the Eu10CIC in relation to the leasehold for the site, significant delays were encountered in relation to formalising and signing the lease. These issues were in part due to delays in processing Premier Marinas title rights by the Land Registry office, following their purchase of the land from Carillion. The lease was ultimately signed on 3rd March 2020.

4.4. The lease for the site has initially been agreed for a 10 year period, however, this will convert to a 75 year lease if the Phase 1 works are completed within the initial 10 year period.

4.5. Whilst awaiting signing of the lease, the Eu10CIC worked towards discharging all preplanning obligations to ensure that there were no further delays to the delivery of the Phase 1 works.

4.6. The Eu10CIC have been successful in securing a £1.255m grant from the European Maritime and Fisheries Fund (EMFF) to support the delivery of the Phase 1 works. This grant funding will be released following provision of evidence of spend on the stated works. The GPF funding is, therefore, being used as a bridging loan to allow the works to be delivered in advance of the grant being drawn down. The EMFF grant funding will be used to repay the GPF funding.

4.7. The latest project update indicates that a preferred contractor has been identified and that it is anticipated that work will commence onsite in August 2020. It is expected that Phase 1 will be complete by summer 2021.

5. Eastbourne Fisherman's Quayside and Infrastructure Development Project – Phases 2 and 3 (the Project)

5.1. The Eu10CIC are seeking £1.080m of LGF funding to support the delivery of Phases 2 and 3 of the wider project.

5.2. As set out in section 3 of this report, the Project seeks to deliver three new buildings on the site offering an additional 510m^2 of space which will be used for repairs, storage, leisure space and a visitors centre.

5.3. Phase 2 will deliver significant productivity and resilience benefits to the operation of the fishing fleet through offering:

- 5.3.1. Improved working conditions through the provision of toilets and showers;
- 5.3.2. Covered maintenance areas that support on-site repairs to vessels and equipment, including workshop space for net-making; and
- 5.3.3. Secure storage areas that will extend the life of equipment and make the quayside safe for public access for the first time.

5.4. Phase 3 will provide a platform for the Eu10CIC's growth and diversification through new public-facing activity and will offer the following benefits:

- 5.4.1. the Visitor Centre which will include a 60-seat meeting space capable of hosting community and school visits, fishermen's meetings and training events;
- 5.4.2. the new buildings will enable the Eu10CIC to offer safety and navigational courses, cooking workshops and other revenue generating activity;
- 5.4.3. it is expected that 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 visitors each year.

5.5. The vision for the Visitor Centre is that it will be a learning resource for local schools on the history of the fleet, the harbour and the significance of fishing. It will enhance the visitor economy offer in Eastbourne and will lead to the creation of jobs through attracting new visitors to the area.

5.6. Delivery of the Project will lead to the creation of 4 new jobs within the Visitor Centre, as well as an additional 3.6 indirect jobs as a result of increased visitor spend in the local area. It is anticipated that the Project will attract an additional 3,200 visitors to the SELEP region each year from completion to 2030, with 19,000 visitors to the Fisherman's Quay during the same period.

5.7. As set out in Section 4.1, the footings for the buildings to be constructed as part of the Project will be delivered under Phase 1. This means that delivery of the Project is dependent upon initial works being completed as part of Phase 1, with the Phase 1 works expected to start onsite in August 2020. Until the Phase 1 works have commenced onsite, it is not possible to confirm the delivery programme for the Project, however, it is expected that the works to deliver the Project will commence onsite in late 2020 or early 2021 with completion anticipated in autumn 2021.

6. Options Considered

6.1. During the development of the Project a number of options were explored and are set out in the Business Case.

6.2. In order to ensure the viability of the wider project, each phase has been designed to be independent; meaning that phase 1 can be delivered ahead of funding being secured for the later phases. However, completion of phases 2 and 3 will unlock the full economic benefits of the project, making the Fisherman's Quay a true visitor destination, enhancing the amenity and offer of the surrounding Sovereign Harbour priority economic area.

6.3. Funding options and the associated impacts of each option are considered within the Business Case, and include:

6.3.1. **Option 1: No SELEP funding secured** – under this option it is likely that the Project would not be delivered in the short-term. In order to fund the Project the Eu10CIC would either have to self-fund, which is likely to delay Project delivery until approximately 2032, or take a loan from the Charity Bank at approximately 6% interest. This option is not considered to be viable as it is expected that a significant number of vessels could be lost from the fleet if the delivery of the Project is significantly delayed and that it will not be possible to meet the required loan repayments which would be necessary to facilitate earlier delivery.

6.3.2. Phase 1 of the wider project will deliver the processing infrastructure which is essential to maintain and grow the fishing fleet by enabling the fisherman to capture value through processing inhouse, and to become price makers in the local supply chains. If no further SELEP funding is awarded to the Project, these benefits will remain, and initial steps will have been taken to support the continuation and growth of the fishing fleet. However, the opportunity to bring forward improved working and safety conditions and wider visitor economy benefits will be lost meaning that the full economic benefits of the wider project will not be realised.

6.3.3. **Option 2: SELEP funding secured to enable delivery of either Phase 2 (£0.915m) or Phase 3 (£0.435m)** – this option would only allow for delivery of one further phase of the project in the short-term, with alternative funding sources needed to facilitate delivery of the final phase. This option would lead to a difficult trade-off between the immediate operational needs of the fleet (i.e. provisional of office accommodation, facilities for storing and repairing equipment and toilet and shower facilities which are required by the fishermen) and the opportunity to generate wider visitor economy and place-making benefits. Therefore, whilst it is technically feasible for the two phases to be delivered independently this is not seen as a logical approach as it would either jeopardise the safeguarding impacts of the Fishermen's Quay development or diminish the wider visitor and economic benefits of the project.

6.3.4. **Option 3: SELEP funding secured to enable delivery of both Phase 2 and Phase 3** – this option would allow for the full development of the Fisherman's Quay, with all three phases delivered under one build programme. This option would enable initial realisation of the wider project benefits within 18 months, whereas under the other options at least some of these benefits could be delayed by at least a decade.

6.4. Option 3 is the preferred option as it is deemed to be the only financially feasible option that meets the strategic need to provide this infrastructure quickly so as to avoid the risk of losing the fleet or delaying the potential benefits of having a local attraction at the site. In addition to improved resilience and safeguarding, the project will deliver significant improvements to the fishing fleet's business and operational performance, enhance its capacity for growth and attract additional visitors to the harbour and to Eastbourne.

7. Public Consultation and Engagement

7.1. A number of stakeholders who have involvement with or interest in the Project have been identified in the Business Case.

7.2. Table 1 provides a summary of the stakeholders identified.

Table 1 – Stakeholders involved in the wider Eastbourne Fisherman's Quayside and Infrastructure Development project

Eastbourne under 10m Fisherman's CIC	Eastbourne Borough Council
Sussex Inshore Fisheries and Conservation Authority	Locate East Sussex
East Sussex County Council	University of Brighton
Pevensey Coastal Defence Ltd.	New Economics Foundation
Local residents	Premier Marinas
Eastbourne Chamber of Commerce	Local restaurants
Federation of small businesses	Team East Sussex
South East Local Enterprise Partnership	Seafarers UK

Visit Eastbourne	Ward Councillors
Local MP's	Local schools

8. Project Cost and Funding

8.1. The total capital cost of the Project is estimated at £1.35m as set out in Table 2 below.

8.2. The Eu10CIC are seeking a £1.080m LGF contribution towards the delivery of the Project, which covers 80% of the total project cost. The remaining cost will be funded by the Eu10CIC.

8.3. The financial contribution from the Eu10CIC will be generated through placing a 5% levy on the value of each boats catch, which is expected to raise in excess of £100,000 a year, and following completion of Phase 1 use of the annual retained profits from the fishmongers which is expected to total £42,000 a year.

8.4. The £0.27m contribution from the Eu10CIC is fully committed. However, it is noted within the project Business Case that the landowner, Premier Marinas, may be prepared to make a financial contribution towards the delivery of Phase 3 (the visitor centre) due to the benefits it brings to the local area. Negotiations are at an early stage but the Eu10CIC are committed to covering the full £0.27m funding requirement if no contribution is forthcoming.

Table 2 – Phase 2 and 3 Spend Profile (£)

Funding source	20/21 £m	21/22 £m	**Total £m**
LGF funding	£1.08		**£1.080**
EU10CIC Levy Payments	£0.135	£0.135	**£0.270**
Total funding requirement	**£1.215**	**£0.135**	**£1.350**

8.5. Within the Business Case consideration has been given to different potential alternative funding sources for the Project, including self-funding and loan funding. As set out in Section 6.3.1, self-funding the Project is likely to delay delivery until approximately 2032. It is critical that the Project is delivered in the short-term, as otherwise the Eu10CIC expects the loss of 90% of the fishing fleet in Eastbourne, with many of the fleet being lost from the fishing industry completely. For this reason, self-funding is not considered to be a viable option.

8.6. It is acknowledged in the Business Case that completion of the Project will deliver revenue generating workstreams. However, as the Eu10CIC has already committed to the repayment of loans secured to deliver Phase 1 of the wider project, there is currently little additional free cash to fund the Project in excess of the match funding currently identified. The loan repayments will be made using forecast revenue funding streams, which constrains the Eu10CIC's ability to borrow funding to deliver the Project regardless of the interest rate charged on the loan. The Eu10CIC have been offered a loan by the Charity Bank but this would come at an interest rate of almost 6%, which would require repayments that could not be met through the forecast revenue funding streams. Given the urgent need to bring the Project forward now, loan funding is not considered to be a viable option as the current cash flow position of the Eu10CIC does not allow for the repayment of a loan in line with agreed repayment schedules. Therefore, grant funding has been sought to enable continuous delivery of all three phases of the wider project, unlocking the full economic benefits offered by the proposed works.

8.7. As set out within the Capital Programme report, SELEP is awaiting confirmation from MHCLG of the final third of LGF, £25.958m, which has been allocated to SELEP in 2020/21 but has not yet been confirmed.

8.8. The award of funding to the Project is therefore subject to the remaining third of LGF funding being confirmed in writing by MHCLG and that funding being received in full by the Accountable Body. If the outstanding LGF funding is not received in full, a further decision will be sought from the Strategic Board to determine how the funding should be directed.

8.9. No funding will be transferred to East Sussex County Council in relation to the Project until the final third of the LGF has been formally confirmed by MHCLG and received in full by the Accountable Body. Should only part of the final third of the LGF funding be received no funding will be transferred to East Sussex County Council unless the Project is prioritised for funding by the Strategic Board.

8.10. East Sussex County Council and Team East Sussex will review their priorities over the coming months and if, at a later date, East Sussex County Council identify a project to accept a charge and bear the risk of the £1.08m LGF allocation to the Project, this will be considered at a future Accountability Board meeting.

9. Impacts of Brexit and the COVID-19 pandemic

9.1 The Project has arisen from a Community Economic Development (CED) programme that brought together representatives from local residential and trader associations, as well as the fishermen and public sector officials. The precarity of small-scale fishing arises from the variability of supply and demand for fish and therefore income, and this is a key rationale for this scheme. The broad public, private and local authority support for this project demonstrates the wide range of community, business and economic issues it is expected to address.

9.2 The policy uncertainty arising from the UK's withdrawal from the European Union is both a potential opportunity and a source of concern for those operating within the existing regulatory framework. The additional economic resilience that this project will provide will guard against the downside risk and will enable the fishermen to take advantage of any improvements in policy to a much greater extent.

9.3 The Eu10CIC are working to identify local markets to help reduce dependence on overseas markets, to build up local supply chains and resilience to future shocks. This work was underway in response to the Brexit negotiations and detailed analysis of catch and markets was carried out (with a focus on Brexit) just prior to the COVID-19 pandemic, which will stand the Eu10CIC in good stead to move this forward and build on the CED plan created collaboratively with fishers, local residents and local authority staff in 2017.

9.4 There has clearly been an immediate and short-term impact on the fishing fleet as a result of the COVID-19 restrictions. The crisis has highlighted issues of resilience and dependence which the CED plan sought to address, which are now imperative and necessary to both ensure the survival of the fleet and to ensure continued local provision of fresh, healthy food.

9.5 There can be major economic opportunities for the fleet moving forward with the current crisis highlighting the insecurity of long supply chains in the food sector. The Eu10CIC will be well-placed to take part in the planned 'buy local' campaigns that are being developed as part of the economic response to the crisis in East Sussex.

10. Outcome of ITE Review

10.1. The ITE review confirms that the Project Business Case provides a proportionate assessment of the scheme costs and benefits and results in a strong Benefit Cost Ratio (BCR) representing high value for money.

10.2. The ITE review indicates that a thorough and robust economic appraisal has been undertaken which considers the land value uplift impacts of the scheme in line with MHCLG's Appraisal Guidance. It is noted that appropriate and reasonable assumptions have been made and the economic appraisal shows that the scheme has a BCR of 2.18:1.

10.3. The Business Case provides commentary on the mitigation of risk and the optimisation of opportunities arising for the fishing fleet, particularly around the impacts of Brexit and the COVID-19 pandemic. However, the ITE review indicates that sensitivity testing has not been undertaken to reflect the potential for reduced demand for the Project, as a result of the economic repercussions of the COVID-19 pandemic, and the impact that this might have on the value for money offered by the Project. It is therefore recommended that the Board consider the risk that this presents to value for money categorisation (high value for money) presented.

11. Project Compliance with SELEP Assurance Framework

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

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

Requirement of the Assurance Framework to approve the project	**Compliance (RAG Rating)**	**Evidence in the Business Case**
A clear rationale for the interventions linked with the strategic objectives identified in the Strategic Economic Plan	Green	The Business Case identifies the current problems and why the project is needed now. The project objectives align with both national and regional policy and with those identified in the Economic Strategy Statement.
Clearly defined outputs and anticipated outcomes, with clear additionality, ensuring that factors such as displacement and deadweight have been taken into account	Green	The expected project outputs and outcomes are set out in the Business Case and are considered in the economic case. Displacement, leakage and deadweight have been taken into account in the economic assessment.
Considers deliverability and risks appropriately, along with appropriate mitigating action (the costs of which must be clearly understood)	Green	The Business Case demonstrates that the project team have experience of delivering similar schemes. 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 BCR of 2.18:1 has been calculated which indicates high value for money. However, no sensitivity testing has been undertaken to reflect the potential for reduced demand for the Project, as a result of the economic repercussions of the COVID-19 pandemic and the impact that this might have on the BCR offered by the Project.

12. Financial Implications (Accountable Body comments)

12.1. In considering the recommendation to award funding to this Project, the Board should note that no funding for new projects can be allocated until the final third of LGF has been received.

12.2. Further, in the event that the LGF allocation for 2020/21 that is subject to review by the MHCLG, is not confirmed for receipt, the Board will need to ensure that it does not approve funding in excess of the total value to be received.

12.3. 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.

12.4. Essex County Council as Accountable Body to 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.

12.5. All LGF is transferred to East Sussex County Council 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.

12.6. 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.

13. Legal Implications (Accountable Body comments)

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

14. Equality and Diversity implication

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

a) Eliminate unlawful discrimination, harassment and victimisation and other behaviour prohibited by the Act;

b) Advance equality of opportunity between people who share a protected characteristic and those who do not;

c) Foster good relations between people who share a protected characteristic and those who do not including tackling prejudice and promoting understanding.

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

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

15. List of Appendices

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

16. List of Background Papers

16.1. Business Case for the Eastbourne Fisherman's Quayside and Infrastructure Development project.

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

Role	Date
Accountable Body sign off Peter Shakespear (On behalf of Nicole Wood, S151 Officer, Essex County Council)	24/06/2020

Forward Plan reference number: FP/AB/269

Report title: Southend Town Centre Interventions Project LGF (Tranche 2) funding decision	
Report to Accountability Board on 3 July 2020	
Report author: Howard Davies, SELEP Capital Programme Officer	
Date: 8 June 2020	**For:** Decision
Enquiries to: Howard Davies, howard.davies@southeastlep.com	
SELEP Partner Authority affected: Southend-on-Sea	

1. Purpose of Report

1.1 The purpose of this report is for the Accountability Board (the Board) to consider the award of £632,292 LGF to the delivery of the Southend Town Centre Interventions project Tranche 2 (the Project). This Project has been identified by the Investment Panel as a priority through the LGF3b pipeline development process.

1.2 Southend on Sea Borough Council (the Council) initially submitted a Business Case seeking £1.5m LGF funding towards the delivery of the Project. At the Investment Panel meeting on 28th June 2019, it was agreed that the Project would receive an initial LGF allocation (Tranche 1) of £867,708, subject to Board agreement.

1.3 A further, £632,292 Tranche 2 LGF was identified within the LGF3b pipeline to proceed if additional LGF funding became available.

1.4 At the Accountability Board meeting on 15th November 2019, the initial tranche (Tranche 1) funding of £867,708 was approved by the Board. In advance of the £632,292 Tranche 2 funding becoming available, the Council agreed to underwrite the remaining £632,292 to ensure that the Project would start and would not be delayed.

1.5 As a result of LGF being returned to SELEP from other projects within the LGF programme, there is now sufficient LGF available for Tranche 2 of the Project to be awarded by the Board.

1.6 The Business Case for the Project has been reviewed by the SELEP Independent Technical Evaluator (ITE) on the basis of the total £1.5m LGF allocation and the Project was assessed as presenting high value for money with high certainty of achieving this.

2. Recommendations

2.1. The Board is asked to:

2.1.1. **Note** that a further decision will be sought from the Strategic Board to determine how the funding should be directed if only part of the final third of LGF, allocated to SELEP in 2020/21, be confirmed by Government

2.1.2. **Approve** the award of £632,292 Tranche 2 LGF to support the delivery of the Project identified in the Business Case and which has been assessed as presenting high value for money with high certainty of achieving this, subject to;

2.1.2.1 The final third of the 2020/21 LGF allocation being transferred by the Ministry of 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.

2.1.3. **Note** that no LGF will be transferred to Southend Borough Council for the delivery of the Project until the conditions set out in 2.1.2.1 have been satisfied.

3. Southend Town Centre Interventions Project

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

3.2. The key challenges facing Southend town centre include increasing levels of vacant retail space, diffuse land ownership (limiting direct public sector intervention), poor messaging about the town centre and issues with public safety.

3.3. The Project aims to address these issues through delivery of a number of interventions:

3.3.1. Installation of footfall cameras within the existing CCTV system throughout the High Street to count and report footfall and to influence investment, events and opening hours;

3.3.2. Availability of a 0% loan to encourage businesses within the wider Southend Central Area to take up vacant ground floor units and redevelop vacant upper floor units (note: this element of the Project will not be supported by the £632,292 LGF funding allocation being considered in this report);

3.3.3. Availability of a 75/25 shop façade grant to encourage businesses within the wider Southend Central Area to invest in external shop improvements, in terms of design, cleanliness and safety;

3.3.4. Improved public realm and wayfinding outside both Southend Victoria and Central Stations to draw visitors to the High Street and the seafront;

3.3.5. Wayfinding improvements leading Southend Central station visitors north through a redeveloped public space between the Forum and proposed Forum 2 developments;

3.3.6. Shop façade improvements along Clifftown Road, which acts as a gateway, leading Southend Central station arrivals towards the High Street.

3.4. Other elements of the scheme will include introducing business led activities in vacant units in the town centre, and improvements to lighting and green infrastructure.

3.5. The delivery of the Project will create 31 jobs connected to the return of vacant retail units to use. The Project will increase visitor numbers and footfall in the town centre generating wider economic benefits through increased visitor spend. In addition, following delivery of the Project there is expected to be a reduction in reported anti-social behaviour and crime in the town centre.

3.6. It is expected that delivery of the Project will return 1,086sqm of employment workspace to use and will provide increased residential provision through better use of existing vacant space. Ultimately the Project seeks to change the perception of Southend town centre, so it is seen as a place to visit.

4. Options Considered

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

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

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

4.2. A number of options identified in the list were discarded for a variety of reasons including:

4.2.1. the Council does not have the ownership or rights to implement a number of the options, such as 'direct ownership interventions';

4.2.2. the Council or other organisations are already implementing similar schemes elsewhere; and

4.2.3. the cost of implementation of some options is prohibitively expensive or would require significant change to the local taxation and/or planning process.

4.3. Two options were short-listed and taken forward for further analysis.

4.3.1. **Option 1 – Do Nothing** – under this option there would be no further investment in Southend Town Centre, however, the Council currently has a wider programme of works underway which will have an impact (albeit small) on vacancy rates and footfall in the town centre. The programme includes: Cool Towns, Town Centre Redevelopment Improvement Project, Southend Central Area Transport Scheme (S-CATS), Sustainable Urban Neighbourhoods Research and Implementation Support in Europe (SUNRISE). Better Queensway and capital works to deliver new cameras and security measures.

This programme of works is already underway, and it is therefore acknowledged that this option would still provide minimal positive impacts in terms of footfall and vacancy rates.

4.3.2. **Option 2 – Do Something** – under this option a range of additional measures would be implemented alongside the existing wider programme of works. These additional measures would deliver their own benefits, as well as maximising the potential of the wider programme of works as footfall will be directed to these areas in the town centre.

This option would involve the delivery of a number of measures including: installation of footfall cameras within the existing CCTV system throughout the High Street, to count and report footfall and to influence investment, events and opening hours; improved public realm and wayfinding outside both Southend Victoria and Central stations to draw visitors to the High Street and seafront; and focused shop façade improvements along Clifftown road, which acts as a gateway leading Southend Central station visitors south and eastwards to the High Street.

4.4. The preferred option is Option 2 – Do Something. The interventions proposed under this option have been specifically chosen in order to achieve the objectives of improving the perceptions of safety and improving occupancy rates in the town centre and have been developed after considerable business and public engagement.

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

5. Public Consultation and Engagement

5.1. Through the development of the Project there has been significant engagement with Southend BID (the Business Improvement District Company for Southend), the Community Safety Partnership and the Focal Point Gallery. In addition, significant business engagement has been undertaken by the Sunrise project as part of the Southend Central Area Action Plan (SCAAP) Transport Package project and by Southend BID as part of the development of the Project.

5.2. Over the lifetime of the Project multiple promotional, information and engagement events will need to be arranged. The co-ordination, management and organisation of these events will be the responsibility of the project team. Table 2 sets out the lead applicant and delivery partners:

Table 2: Delivery Partners

Partner	**Nature of Involvement Financial, Operational etc.)**
Southend-on-Sea Borough Council (Lead Applicant)	Accountable body; financial; and operational
Southend Business Improvement District (BID)	Business Engagement, operational and advisory
Southend Community Safety Partnership (CSP)	Operational and advisory
Focal Point Gallery	Community engagement. Operational and advisory

5.3. Drafting and release of promotional and media material in relation to the Project will be managed through a combination of the Council and Southend BID media teams with input from the Focal Point Gallery. Throughout the Project Southend BID will focus on business communications, with a particular focus on face-to-face communications and use of their established media channels.

5.4. A number of key stakeholders are identified in the Business Case. Table 3 provides a summary of the stakeholders identified.

Table 3 – Stakeholders involved in the Southend Town Centre Interventions project

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

5.5. A comprehensive Stakeholder Management Plan will be prepared by the Project Team should the Board agree the award of the LGF funding.

6. Project Cost, Funding and Milestones

6.1. The total capital cost of the Project is estimated at £2.5m, as set out in Table 4 below.

6.2. To date, £867,708 Tranche 1 LGF has been awarded to the Project by the Board on 15 November 2019. The remaining, £632,292 Tranche 2 LGF was identified within the Project pipeline but at the time of the previous funding decision in November 2019, there was insufficient LGF available to SELEP to support Tranche 2.

6.3. In November 2019, the Council agreed to underwrite the remaining £632,292, in advance of further LGF being made available to SELEP to support Tranche 2, to enable the Project to proceed.

6.4. If the Board agree the award of the additional £632,292 Tranche 2 funding, as per the recommendations of this report, this will reduce the Council's contribution to £1.0m (as per the original Business Case). It is expected that part of the £1.0m Council contribution will be used to support the 0% loans funding aspect of the Project, as set out in 3.3.2. The LGF will be applied as a capital grant.

6.5. The Council has also set-aside £20,000 of revenue funding to cover monitoring and evaluation costs.

Table 4 – Southend Town Centre Interventions Project Capital Spend Profile (£)

	2019/20	2020/21	Total
SELEP LGF	200,000	1,300,000	1,500,000
Southend-on-Sea Borough Council – capital funding	200,000	800,000	1,000,000
Southend-on-Sea Borough Council – revenue funding		20,000	20,000
Total	485,000	2,035,000	2,520,000

6.6 As set out within the capital programme report, SELEP is awaiting confirmation from MHCLG of the final third of LGF, £25.958m, which has been allocated to SELEP in 2020/21 but has not yet been confirmed.

6.7 SELEP have recently liaised with the Council around the affects of COVID-19 on the Project milestones and they are working to the programme as outline in Table 5, this suggests a delay of approximately 3 months.

6.8 The Project has continued during the COVID-19 crisis including; public realm design, procurement of footfall cameras, however areas that would necessitate physical meetings have been put on hold. The outcome of delays will not be fully appreciated until after the crisis concludes.

Table 5

Key Task/Milestones	Dates/Timeframe
Procurement start date	May 2020
Construction start date	June 2020
Construction completion date	March 2021

7. Outcome of ITE Review

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

7.1.1. Lack of available development space and infrastructure along and around the High street has been mitigated through the Project focussing on refurbishment of existing premises and/or improvement of predetermined spaces so ‘unknowns’ have been removed;

7.1.2. Lack of private sector engagement in addressing the challenges of the High Street has been mitigated through development of the project proposals in full consultation with Southend BID. The private sector were also a key partner in the recent town centre task force which developed the ‘Reimagining the Town Centre’ recommendations which the Project seeks to address.

7.2. The ITE review confirms that the Project Business Case provides a proportionate assessment of the scheme costs and benefits and results in a strong Benefit Cost Ratio (BCR) representing high value for money.

7.3. The project is supported by a strong strategic case, despite a number of constraints that may affect the suitability of the preferred option. These are well documented and covered by a detailed risk management strategy. However, since submission, the COVID-19 global pandemic has occurred and there is greater uncertainty that the benefits of the scheme can be achieved.

7.4. Reasonable assumptions have been used to populate a version of the (now superseded) framework recommended by the Homes and Communities Agency (now Homes England) Additionality Guide. Benefits are based upon the GVA impacts of additional and safeguarded jobs.

7.5. The resultant economic case represents high value for money, which is robust across a range of suitable sensitivity tests, but the more recent context raises uncertainty around achieving the stated benefits.

7.6. Reasonable assumptions have been used to assess the gross and net additional employment impacts of the preferred option, which have been used to complete a version of the framework recommended by the Homes and Communities Agency Additionality Guide. The project benefits are based upon the GVA impacts of additional and safeguarded jobs. The analysis was robustly carried out and delivers high levels of certainty around this value for money categorisation.

8. Project Compliance with SELEP Assurance Framework

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

Table 5 - Assessment of the Project against the requirements of the SELEP Assurance Framework

Requirement of the Assurance Framework to approve the project	**Compliance (RAG Rating)**	**Evidence in the Business Case**
A clear rationale for the interventions linked with the strategic objectives identified in the Strategic Economic Plan	Green	The Business Case identifies the current problems and why the scheme is needed now. The project objectives align with both national and regional policy. The objectives presented align with those identified in the Economic Strategy Statement.
Clearly defined outputs and anticipated outcomes, with clear additionality, ensuring that factors such as displacement and deadweight have	Green	The expected project outputs and outcomes are set out in the Business Case and are considered in the economic case. Displacement, leakage and deadweight have been taken into

Requirement of the Assurance Framework to approve the project	Compliance (RAG Rating)	Evidence in the Business Case
been taken into account		account in the economic assessment.
Considers deliverability and risks appropriately, along with appropriate mitigating action (the costs of which must be clearly understood)	Green	The Business Case demonstrates experience of delivering similar schemes. A comprehensive risk register has been developed which provides an itemised mitigation.
A Benefit Cost Ratio of at least 2:1 or comply with one of the two Value for Money exemptions	Amber	A BCR of 4.91:1 has been calculated which indicates high value for money. There is a risk that this Project could be more prone to the negative secondary impacts of COVID-19

9. Financial Implications (Accountable Body comments)

9.1. In considering the recommendation to award funding to this Project, the Board should note that no funding for new projects can be allocated until the final third of LGF has been received.

9.2. Further, in the event that the LGF allocation for 2020/21 that is subject to review by the MHCLG, is not confirmed for receipt, the Board will need to ensure that it does not approve funding in excess of the total value to be received.

9.3. 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.

9.4. Essex County Council is responsible for ensuring that the LGF funding is utilised in accordance with the conditions set out by Government for use of the Grant.

9.5. All LGF is transferred to East Sussex County Council 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.

9.6. 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. Legal Implications (Accountable Body comments)

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

11. Equality and Diversity implication

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

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

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

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

12. List of Appendices

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

13. List of Background Papers

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

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

Role	Date
Accountable Body sign off Peter Shakespear (On behalf of Nicole Wood, S151 Officer, Essex County Council)	24/06/2020

Forward Plan reference number: FP/AB/268

Report title: Kent Strategic Congestion Management Programme	
Report to Accountability Board on 3 July 2020	
Report author: Howard Davies, SELEP Capital Programme Officer	
Date: 15 June 2020	**For:** Decision
Enquiries to: Howard Davies , Howard.Davies@southeastlep.com	
SELEP Partner Authority affected: Kent	

1. Purpose of Report

1.1 The purpose of this report is to bring forward a change to the scope of the Kent Strategic Congestion Management Programme (the Programme) for consideration by the Accountability Board (the Board).

1.2 The report will also ask the Board to consider a funding decision which will involve the balance of the funding available in the Programme and a proportion of the funding being returned as part of the change of scope for the Programme.

1.3 The Project sponsor is requesting that the Wateringbury Crossroads scheme be removed from the Programme due to deliverability issues that have been identified which means that the expected benefits would not be realised at this time. Kent County Council (KCC) propose to seek alternative funding sources to deliver this element.

1.4 This would result in the return of £300,000 to the LGF project pipeline

1.5 There is currently £300,00 remaining in the Programme.

1.6 The Board is asked to consider the award of £500,000 LGF to the delivery of junction improvements to the A2/A251.

1.7 This would involve the remaining £300,000 from the Programme, plus £200,000 from the funding being returned from the Wateringbury Crossroads scheme

1.8 It is proposed that the remaining £100,000 would return to the LGF project pipeline.

2. Recommendations

2.1. The Board is asked:

2.1.1. **Agree** that the Wateringbury Crossroads scheme will not be taken forward as part of the Programme, which will result in a total of £300,000 LGF being available for alternative investment;

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

<u>Option 1 –</u>

2.1.2.1. **Agree** the proposal for £200,000 of the £300,000 LGF made available through the cancellation of the Wateringbury Crossroad scheme to be retained against the Programme for alternative investment in the A2/A521 junction improvements scheme;

2.1.2.2. **Note** that the remaining £100,000 LGF made available through the cancellation of the Wateringbury Crossroads scheme will be returned to SELEP for reallocation through the LGF3b project pipeline;

2.1.2.3. **Agree** the award of £500,000m LGF to the A2/A251 junction improvements scheme, which has been assessed by the Independent Technical Evaluator as presenting high value for money with high certainty.

2.1.2.4. **Agree** to place a £300,000 notional charge over the Thanet Parkway project to enable the transfer of funding to the Project prior to confirmation from MHCLG of the final third of the 2020/21 LGF allocation.

2.1.2.5. Note that:

- if the final third of LGF funding is received in full, that the charge will be removed from the Thanet Parkway project and the project will receive the agreed £14m LGF allocation in full;
- a further decision will be sought from the Strategic Board to determine how the funding should be directed if only part of the final third of LGF, allocated to SELEP in 2020/21, be confirmed by Central Government; and
- if no further LGF funding is received from MHCLG, that the LGF allocation for the Thanet Parkway project will reduce by £300,000 and that Kent County Council will need to take steps to seek alternative funding sources to enable delivery of the project.

<u>Option 2</u>

2.1.2.6. **Agree** that the £300,000 LGF, made available through the cancellation of the Wateringbury Crossroad scheme for alternative investment, should be returned to SELEP for reallocation through the LGF3b project pipeline; and

2.1.2.7. **Note** that there is insufficient funding allocated to the Programme to enable the A2/A251 junction improvements scheme to proceed.

3. Kent Strategic Congestion Management Programme (the Programme)

3.1. The Programme seeks to deliver a package of improvements to maximise the efficiency of the local highway network in Kent as traffic levels increase in line with development.

3.2. The Programme is being delivered between the financial years of 2015/16 and 2020/21, with a total provisional LGF allocation of £4.8m over the duration of the Growth Deal period.

3.3. The LGF funding allocation to this programme of works is being approved by the Board on an annual basis, with a separate Business Case being brought forward each year until 2020/21. Each Business Case provides details on the interventions to be delivered during that financial year to ensure that there is no double counting of Project benefits.

3.4. To date Business Cases have been brought forward for a total of £4.5m LGF between 2015/16 and 2019/20, leaving a currently unallocated balance of £300,000. These Business Cases have covered a range of interventions including:

3.4.1. Highways Management Centre Technology Refresh (2015/16) – a full in-depth assessment of the operation of the Highway Management Centre identified a range of necessary improvements including the database management, CCTV and the network coverage of Variable Message Signs. All of these technological areas have been upgraded as part of the Project.

3.4.2. A292 Mace Lane/Wellesley Road and Somerset Road/Canterbury Road, Ashford junction improvements (2016/17) - The A292 is the main corridor for accessing Ashford, linking growth sites to the north and south. The scheme focused on two adjacent junctions on the Ashford Ring Road which were operating at over capacity. The scheme realigned the approach arms to each junction and changed the signal staging and timing to maximise reserve capacity.

3.4.3. A225 Princes Road/Darenth Road Hotspot Scheme (2017/18) – as part of the Programme Kent County Council and Highways England worked in partnership to implement several schemes around the Dartford

Crossing, with the aim of improving network performance and reducing congestion. The Hotspot Scheme which has been delivered aimed to keep the local road network as free flowing as possible, improving journey time reliability and enhancing the bus rapid transit network in the area.

3.4.4. Dover TAP/ITS Assessment (2018/19) - Dover Traffic Assessment Project (TAP) is a traffic management approach used to keep the town of Dover clear of port traffic during peak ferry times at the Port of Dover. In light of the planned expansion of the Port of Dover and the redevelopment of Dover Town Centre, Kent County Council identified a need to conduct an assessment of the impact of Dover TAP on the local road network. The LGF funding will be used to link the Highways England and Kent County Council traffic management assets, such as traffic signals, to facilitate better traffic management.

3.4.5. Swanley Station Congestion Relief (2019/20) – this element of the Programme will introduce a new one-way system, which will significantly reduce congestion and improve journey times to and from the station, as well as on the surrounding road network in Swanley. These improvements will also include walking and cycling enhancements to offer a more attractive route for sustainable travel modes.

3.5. A Business Case has been brought forward and been assessed by the Independent Technical Evaluator (ITE) which seeks approval for the remaining £300,000 LGF allocation to the A2/A251

3.6. As a total of £500,000 LGF is required for the A2/A251 junction improvements to proceed, Kent County Council are seeking to retain £200,000 LGF from the cancellation of the Wateringbury Crossroads scheme against the overall Programme. This will provide sufficient funding for £500,000 to be awarded to the A2/A251 junction improvements scheme, as set out in section 6 of this report.

4. Programme Objectives

4.1. The Programme is intended to deliver a range of improvements designed to maximise the efficiency of the local highway network in Kent as traffic levels increase in line with development.

4.2. The overarching objectives of the Programme include:

4.2.1. Alleviating congestion by allowing better flow of traffic;
4.2.2. Supporting economic development in Kent;
4.2.3. Promoting accessibility to jobs and services for all;
4.2.4. Providing a resilient network that is able to respond to disruption and incidents; and
4.2.5. Improving air quality.

4.3. Both the Wateringbury Crossroads scheme and the proposed A2/A251 junction improvement scheme meet these overarching objectives and offer a significant contribution towards reducing congestion and increasing junction capacity thereby providing a more resilient network.

5. Wateringbury Crossroads

5.1. In February 2018 the Board approved the allocation of £1m LGF to the Kent Strategic Congestion Management Programme 2018/19. The package of works outlined within the Business Case included a £300,000 LGF allocation towards improvements at the Wateringbury Crossroads in Maidstone.

5.2. Wateringbury Crossroads is a signal-controlled junction on the strategic A26 route between Maidstone, Tonbridge and Tunbridge Wells which causes delays and journey time reliability issues during peak hours.

5.3. The proposed intervention at this junction was to undertake a revision of the lane markings on the A26 Tonbridge Road with the addition of a dedicated right turn lane into Red Hill. The introduction of the right turn lane would stop right turning traffic impeding the predominant straight ahead and left turning movements. In addition, it was proposed that a left turn lane be introduced on the southern arm (Bow Road) to improve capacity and through junction movements.

5.4. The improvements proposed were designed to increase capacity at the junction, reducing delays and improving journey time reliability.

5.5. The Wateringbury Crossroads are recognised as a local bottleneck and causes delays and journey time reliability issues during the peak period. The 2018/19 Kent Strategic Congestion Management Programme Business Case indicated that the proposed junction improvements would lead to an increase in junction capacity of 57% over the morning peak and 53% during the afternoon peak.

5.6. The proposed improvements at the crossroads would lead to improvements to journey times, journey reliability and air quality improvements due to the reduction in congestion at the junction. Due to the deliverability issues identified these benefits will no longer be realised at this time, however, Kent County Council will be looking to identify alternative funding streams to allow delivery of improvements at this junction in the future, meaning that these benefits will not be lost.

5.7. Following further project development work, Kent County Council have identified that the proposed improvements at Wateringbury Crossroads cannot be delivered within the available budget allocation. This is, in part, due to higher than anticipated utility diversion costs.

5.8. Kent County Council have explored a range of different options to determine whether a revised package of improvements can be undertaken at Wateringbury Crossroads. Assessment of these options has considered affordability and the scale of benefits offered by each option.

5.9. The options explored are:

5.9.1. Implementation of the full scheme with the omission of the left-hand filter lane from Bow Road – this option was rejected as it would not result in sufficient cost savings to make the scheme viable and deliverable.

5.9.2. Upgrading the traffic signals at the crossroads and implementation of a Microprocessor Optimised Vehicle Actuation (MOVA) control strategy - MOVA assesses traffic flows approaching on each junction arm and calculates which arm should be allocated what green time and seeks to determine a set of signal timings which maximises junction throughput at that time in line with current conditions. This option was rejected due to the relatively high cost and limited benefit offered.

5.9.3. Upgrading the traffic signals to include an additional pedestrian crossing on the Red Hill arm – this would result in all four arms of the junction having a pedestrian phase. This option was rejected due to the high cost of implementation due to required signal upgrades. In addition, this option would not offer any benefits in relation to reducing congestion which is a key objective of the project.

5.9.4. Introduction of a three-lane option heading west towards the junction on the A26 Tonbridge Road – this option would allow all traffic proceeding west through the junction to travel in a designated lane for each manoeuvre (left turn, right turn and straight through traffic). Modelling of this option showed little benefit as very few vehicles turn right into Red Hill. In addition, this proposal is likely to cost more and be less popular with the local community and was therefore rejected.

5.9.5. A series of further options have been initiated including construction of a roundabout or a relief road. However, these options would require significant additional investment and at this stage the benefits of these options are not known as a full assessment has not yet been carried out.

5.10. Following the assessment of these options, Kent County Council have concluded that it is not possible to bring forward a package of improvements at this junction which is deliverable within the available budget allocation and which provides the required scale of benefits. As a result, Kent County Council are seeking agreement for the Wateringbury Crossroads scheme to be removed from the Programme.

6. A2/A251 junction improvements

6.1. The performance of the A2/A251 junction in Faversham is critical to the speed of delivery of required housing supply in the surrounding area. The junction currently suffers from significant traffic congestion and is the scene of a number of reported personal injury road traffic collisions.

6.2. The local road network is subject to increasing pressure as a result of the delivery of Strategic Housing Allocations and the proposed development of a number of new commercial sites. These commercial developments are key to Faversham consolidating its position as the primary service centre for eastern Swale.

6.3. Resolution of the current accessibility issues at the junction will make a substantial contribution to the local economy and will help to address an imbalance between housing and employment. Currently in excess of 48% of Faversham’s working population is out-commuting, largely to local destinations in Kent.

6.4. In addition, Highways England and the Kent County Council Transport and Development team have both indicated that no further development in the area will get their approval until the issues at the A2/A251 junction have been addressed.

6.5. As a result, Kent County Council are proposing to reallocate £200,000 of the Wateringbury Crossroads scheme LGF allocation to the existing £300,000 LGF budget for the delivery of improvements at this key junction. The proposed scheme will involve the conversion of the existing priority junction to a signal-controlled junction with pedestrian provision.

6.6. LGF investment in the A2/A251 junction improvements scheme will meet the overall Programme objective of reducing congestion, as well as supporting growth, economic development, air quality improvements, addressing environmental issues and improving journey time reliability.

6.7. The proposed A2/A251 junction improvements scheme will offer a wider range of benefits, than the Wateringbury Crossroads scheme, through directly unlocking development sites.

6.8. The A2/A251 junction provides the primary access to the strategic road network for Faversham and eastern Swale and is currently operating over capacity in peak periods, with significant levels of congestion as a result. Queueing traffic on the A2 frequently blocks the key access to Faversham town centre, resulting in serious access issues for the town. The congestion and delays experienced at this junction are already acting as a constraint to development in Faversham.

6.9. Delivery of this proposed junction improvements scheme will improve access to Faversham and will alleviate the current constraints on housing and commercial development in the area thereby supporting economic development and access to jobs and services for all. It is expected that the scheme will enable delivery of 1,530 new homes and 46,000sqm of employment space.

6.10. Alongside these benefits, the proposed junction improvements will also offer reduced delays and journey times, improved journey quality, improved air quality and improved road safety.

6.11. It is proposed that the A2/A251 junction improvements scheme will be delivered during the 2020/21 financial year.

6.12. In light of the COVID-19 pandemic, Kent County Council have conducted a risk analysis to establish the potential impact on the delivery of the proposed A2/A251 junction improvements scheme. In a worst-case scenario, it is anticipated that scheme completion could be delayed until June 2021 if, as a result of COVID-19 restrictions, the planned engagement exercise is delayed from July 2020 to September 2020. This delay would mean that utility works wouldn't be able to commence onsite until January 2021 due to the Christmas embargo period. This timetable is subject to change depending upon when the current COVID-19 restrictions are lifted by Government.

It is expected that if the engagement exercise can go ahead as planned in July 2020, that the scheme will be delivered by March 2021 as long as no further restrictions are imposed by Government on the operation of construction sites.

7. Consideration of Programme change

7.1. Under the terms of the SELEP Assurance Framework there is a requirement for all changes to programme/project LGF allocations above a 10% threshold to be approved by the Accountability Board.

7.2. The proposed project change reduces the LGF allocation to the programme by £100,000 and influences the amount of LGF funding allocated to different schemes within the wider Programme.

7.3. In June 2018 the Board received an update report from Kent County Council which set out a number of changes to the Programme. The report outlined the intention to remove three schemes from the Programme, with the released funding totalling £242,000 being reallocated to the Highways Management Centre Technology Refresh project. The report also set out a number of changes to the LGF spend on a number of schemes within the wider Programme.

7.4. The Board were asked to note, rather than approve, the update report in June 2018 as the proposed changes only accounted for 9.9% of the LGF allocation to the Programme.

7.5. When taking into account the proposed Programme change set out in this report, and that which the Board noted in June 2018, there is a total change of £776,000 which accounts for 16.2% of the original LGF allocation to the Programme. For this reason, the Board are being asked to agree this change to the Programme in accordance with the requirements of the SELEP Assurance Framework.

8. Options available

8.1. This report sets out a change request from Kent County Council to remove the £300,000 LGF Wateringbury Crossroads scheme from the programme scope, due to higher than expected costs. It is proposed that £200,000 of this LGF allocation is reallocated to the A2/A251 junction improvements scheme (subject to funding approval being received by this Board meeting), with the remaining £100,000 returned to SELEP for allocation through the LGF3b project pipeline.

8.2. As per the recommendations arising from the SELEP Deep Dive, there is a requirement for LGF underspend to be returned to SELEP for reallocation to projects on the LGF project pipeline. Accepting the Deep Dive recommendations from Central Government, the SELEP Assurance Framework prohibits LGF underspend above a 10% threshold from being retained by a local partner for transfer between projects or for spend on new projects, without the projects having been prioritised by the SELEP Investment Panel.

8.3. Neither Government nor SELEP has specified whether LGF underspends can be reallocated within a programme of measures, such as the Kent Strategic Congestion Management Programme. The Board may, therefore, wish to consider the principle that £200,000 of the unspent LGF funding should be returned to SELEP for reallocation through the LGF3b process.

8.4. If the Board does not support the retention of the £200,000 against the Programme then it is recommended that the funding decision is deferred to enable Kent County Council to bring back a revised proposal for the use of the remaining £300,000 LGF provisional allocation to the Kent Strategic Congestion Management Programme.

8.5. A2/A251 Junction Improvements Funding Package. Table 1 outlines the funding breakdown for the A2/A251 scheme. In addition to the £500,000 LGF sought, funding contributions have been identified through developer contributions and an internal funding bid to the Kent Lane Rental fund.

Table 1 – A2/A251 Funding Breakdown

Funding source	**Amount (£)**	**Constraints, dependencies or risks and mitigation**
Developer S106	900,000	£300,000 of this amount has been received by Kent County Council. The remaining £600,000 has been identified through S.106 agreements but many not become available over the required timeframe. To mitigate the risk of a funding shortfall, a bid has been made for Local Transport Plan fund to bridge the funding gap, should it emerge.
Kent Lane Rental Bid	300,000	Utility Betterment. Requires a bid to Kent County Council Lane Rental Board on 16 July 2020. Similar bids have been successful for the full amount requested.
Remaining LGF allocation from Kent Strategic Congestion Management Programme (KSCMP)	300,000	Total LGF sought £500k - £200k from Wateringbury dependant on change request being approved by this Board meeting
Transferred funds from KSCMP Wateringbury scheme	200,000	
Total project value	**£1,700,000**	

8.6. As set out within the LGF Capital Programme update report, SELEP is awaiting confirmation from MHCLG regarding the final third of the LGF funding (£25.958m), which has been allocated to SELEP for 2020/21 but which has not yet been confirmed.

8.7. The Capital Programme report also makes clear that the Board cannot award more funding to projects than has been confirmed by Central Government. However, the Strategic Board has agreed that new funding awards can be made by the Board, if the relevant sponsoring Local Authority can identify an alternative existing LGF project to accept a notional charge, equivalent to the value of the new project, until the final third of funding is confirmed by Central Government.

8.8. KCC indicated that they wish this Project to proceed ahead of the confirmation on the payment of the final third of LGF grant and has agreed to accept a £300,000 LGF notional charge against Thanet Parkway as the LGF spend extends beyond the Growth Deal period. This in addition to the £4m notional charge suggested for the Kent and Medway Medical School project (considered under agenda item 12) and the £1.684m notional charge suggested for the NIAB – EMR project (considered under agenda item 15), therefore, if agreed, a total charge of £5.984m would be held over the Thanet Parkway project.

8.9. It is expected that a decision will be received from MHCLG regarding the final third of the LGF funding by September 2020. The current delivery programme for the Thanet Parkway project indicates that planning consent is not due to be determined until August 2020 and therefore a charge against the project, until September 2020, is not expected to result in any substantial delays to the delivery of the project. However, if the final third of LGF is not confirmed by MHCLG, the reduced LGF allocation to Thanet Parkway will likely create a funding gap and will impact the deliverability of the project, unless alternative funding sources can be identified.

9. Outcome of ITE Review

9.1 This is a continuation of improvements being made by Kent County Council to maximise the efficiency of the local highway network as traffic levels increase in line with development.

9.2 The A2/A251 project involves the improvement of the existing A2/A251 priority junction to a signal-controlled junction with pedestrian provision. The proposed improvement is intended to relieve congestion, reduce delay and improve access to Faversham and the surrounding area.

9.3 The Business Case for the A2/A251 junction improvements scheme demonstrates a Benefit Cost Ratio of 3.81:1 for the proposed scheme, and classed as high value for money

10. Project Compliance with SELEP Assurance Framework

9.1 Table 2 below considers the assessment of the Business Case against the requirements of the SELEP Assurance Framework. The assessment confirms the compliance of the Project with SELEP's Assurance Framework

Table 2 - **Assessment of the Project against the requirements of the SELEP Assurance Framework**

Requirement of the Assurance Framework to approve the project	**Compliance (RAG Rating)**	**Evidence in the Business Case**
A clear rationale for the interventions	Green	The Business Case identifies the current problems and why the

Requirement of the Assurance Framework to approve the project	Compliance (RAG Rating)	Evidence in the Business Case
linked with the strategic objectives identified in the Strategic Economic Plan		scheme is needed now. The project objectives align with both national and regional policy, including the SELEP Skills Strategy. The objectives presented align with those identified in the Economic Strategy Statement.
Clearly defined outputs and anticipated outcomes, with clear additionality, ensuring that factors such as displacement and deadweight have been taken into account	Green	Outputs of the scheme are identified. A Monitoring and Evaluation Baseline Report has been provided detailing the inputs, outputs, outcomes and impacts of the scheme, and a Monitoring and Evaluation Plan has been largely completed using the template detailing how the outputs, outcomes etc are translated into a Monitoring and Evaluation.
Considers deliverability and risks appropriately, along with appropriate mitigating action (the costs of which must be clearly understood)	Green	The Business Case demonstrates experience of delivering similar schemes. A comprehensive risk register has been developed which provides an itemised mitigation.
A Benefit Cost Ratio of at least 2:1 or comply with one of the two Value for Money exemptions	Green	There is a BCR of 3.8:1 and the scheme is classed as high Value for Money with medium/high certainty of achieving this

11. Financial Implications (Accountable Body comments)

11.1. The change request to remove £300,000 LGF for the Wateringbury Crossroads scheme from the project scope, takes the total of Project changes to £776,000 which is 16.2% of the total LGF allocation of £4.8m. As per the SELEP Assurance Framework all changes to a project’s LGF allocation above the 10% threshold require Accountability Board approval.

11.2. The SELEP Assurance Framework states that proposals by Partner Authorities to reallocate LGF underspend within a package of investment is subject to consideration and approval by the Accountability Board on a case by case basis.

11.3. The LGF funding of £300,000 originally allocated to the Project has not been drawn down or transferred to KCC for delivery of the Project.

11.4. Should the change in scope of the Project be approved and the removal of LGF allocated be approved, the remaining £100,000 or £300,000 (dependant on the Board decision) will be returned to the LGF3b pipeline for reinvestment in projects.

11.5. In considering the recommendation to award funding to this Project, the Board should note that no funding can be transferred for the charge to be removed from the Thanet Parkway project, until the final third of LGF has been received.

11.6. Further, in the event that the LGF allocation for 2020/21 that is subject to review by the MHCLG, is not confirmed for receipt, KCC will need to bring an update report to the Board to assure the funding position for the Thanet Parkway project.

11.7. 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.

11.8. Essex County Council as Accountable Body to 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.

11.9. All LGF is transferred to the sponsoring 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.

11.10. 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.

12. Legal Implications (Accountable Body comments)

12.1. There are no legal implications arising out of the proposals set out in this report. The SLA between ECC, as Accountable Body, and KCC will govern the arrangements between the parties and the recommendations set out in this report are in line with the conditions of the agreement, which permits the reallocation of funding where there are changes to a project.

13. Equality and Diversity implication

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

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

(b) Advance equality of opportunity between people who share a protected characteristic and those who do not;

(c) Foster good relations between people who share a protected characteristic and those who do not including tackling prejudice and promoting understanding.

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

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

14. List of Appendices

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

15. List of Background Papers

15.1. Kent Strategic Congestion Management Programme Project Change Request form

15.2. Business Case for Kent Strategic Congestion Management Programme – A2/A251 Junction Improvement

(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 Peter Shakespear (On behalf of Nicole Wood, S151 Officer, Essex County Council)	24/06/2020

Forward Plan reference number: FP/AB/270

Report title: Chelmsford College, New Construction Centre LGF funding decision	
Report to Accountability Board on 3 July 2020	
Report author: Howard Davies, SELEP Capital Programme Officer	
Date: 14 April 2020	**For:** Decision
Enquiries to: Howard Davies, howard.davies@southeastlep.com	
SELEP Partner Authority affected: Essex	

1. Purpose of Report

1.1 The purpose of this report is for the Accountability Board (the Board) to consider the award of £1,295,200 LGF to the delivery of the Chelmsford College, New Construction Centre (the Project). This Project has been identified by the Investment Panel as a priority through the LGF3b pipeline development process.

1.2 The Business Case for the Project has been considered through the Independent Technical Evaluation (ITE) process and has been assessed as presenting high value for money with medium certainty of achieving this.

2. Recommendations

2.1. The Board is asked to:

2.1.1. **Note** that a further decision will be sought from the Strategic Board to determine how the funding should be directed if only part of the final third of LGF, allocated to SELEP in 2020/21, be confirmed by Central Government.

Approve the award of £1,295,200 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:

2.1.1.1. written confirmation being received by SELEP from Essex County Council (ECC) as lead authority to confirm that the remaining £100,000 funding has been secured;

2.1.1.2. written confirmation that full planning permission has been granted for the Project: and

2.1.1.3. the final third of the 2020/21 LGF allocation being transferred by the Ministry of 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

2.1.2 **Note** that no LGF will be transferred to Essex County Council for the delivery of the Project until the conditions set out in 2.1.1.3 have been satisfied

3. Background

3.1 Chelmsford's future growth is critical to the future success of Essex. Chelmsford City Council has a fully adopted local plan in place and is now planning for the period to 2036 and beyond. This will see a continued rapid expansion of the City at similar levels to those seen over recent years– 1,000 homes and 700 jobs per year.

3.2 Alongside the construction of new homes and commercial development the City also has an ambitious programme of infrastructure delivery – including proposals for new schools, roads, a new rail station at Beaulieu Park and community facilities. Such growth will require the City to be able to produce a workforce that is equipped to support the construction sector

3.3 The current skills development and training facilities within central Essex are not sufficient to meet the demand and requirements to support the growth of the construction sector. Although Chelmsford College has an established successful track record for construction training and skills development the College needs to ensure that it can provide learners with the skills and innovation to apply new technologies and modern methods within the construction industry.

3.4 During 2019/20 the College had a total of 352 students studying on various construction programmes (Full-Time, Apprenticeships and Part Time).

3.5 In preparation for the implementation of T-Levels in both construction and engineering from September 2020, the College needs to ensure it can increase its capacity to support the additional practical elements and anticipated increase in student numbers.

3.6 T-Levels are new courses starting in September 2020, which will follow GCSE's and will be equivalent to 3 A Levels. These two-year courses have been developed in collaboration with employers and businesses so that the content meets the needs of industry and prepares students for work. They offer a mixture of classroom learning and 'on the job' experience.

3.7 The College, in collaboration with local employers, is keen to meet the expected requirements of the major projects coming forward in the South East LEP area in the coming years; including the development of Bradwell Power Station; Amazon Fulfilment Centre; Lower Thames Crossing; Cross Rail

(Essex routes) and Essex Garden Communities. All of these are expected to require skills from the local workforce in modern construction techniques.

4. The Project

4.1 The Project will replace existing temporary buildings to enable a 2-storey framed structure, with a canopy connected to existing buildings which will provide:

- 2 Multi skilled workshops in new curriculum areas
- 2 Classrooms and a light craft workshop
- Toilets on both floors
- Canopy linked to main building to allow for roofing skills and other out-door trades

4.2 The new construction centre will enable the College to provide purpose-built accommodation to better prepare learners for employment in the construction sector, specifically in multi-construction.

4.3 This will ensure the appropriate skills delivery for projects such as those identified above

4.4 The Project will allow two Category D (inoperable/serious risk of major failure) temporary structures to be replaced with a 2-storey purpose built modern facility for the delivery of education and training, producing skilled learners/apprentices to fill skills vacancies in the construction industry.

4.5 The 2-year T-Levels will require all learners to learn core construction skills in the first year requiring a significant increase in workshop facilities before progressing onto specific skills on their chosen discipline with a much larger emphasis on practical work.

4.6 The increase of contact hours from 540 to 900 per learner, as a result of the T-level courses, will also increase demand for limited practical and classroom space to support these qualifications.

4.5 The objectives of the Project are:

- To provide cutting edge workshops and facilities to meet the growing demand in construction, trades, heating, ventilation and air conditioning (HVAC) engineering, plumbing and electrical.
- To equip learners with the required skills, to apply new technologies and modern methods of construction to meet the needs of local projects
- To ensure the local workforce can upskill to meet the identified requirements of the Success Essex Board and wider SELEP.
- To support SELEP key priorities in increasing apprenticeships and industry relevant qualifications within construction

- To meet the requirements of T Levels and Level 4/5 qualifications with the construction industry
- To introduce plumbing / HVAC within Chelmsford College to enable a multi trade vocational offer.
- Investigate the feasibility of establishing a AM2 centre at Chelmsford College

4.6 Work on the planning application is underway and expected to be submitted late summer, with a decision coming forward early Autumn.

4.7 An artist's impression of the new buildings is shown below.

5. Options Considered

5.1 During the development of the Project a number of options were explored. These options have been set out within the Business Case, and include:

5.1.1 **Do nothing and continue to operate without investment** – This might be an option for one/two years but there is a need to improve the facilities in order that student numbers are able to grow to deliver Central Government and local policy

5.1.2 **Sell part of the College to provide capital –** initial feasibility work was undertaken to consider the sale of the Moulsham Street campus, to provide the capital to deliver an 8-storey facility at Princes Road. This option was discounted due to cashflow issues, as the timescales for the new facilities being provided did not align with the longer timescales required for the disposal of the Moulsham Street campus.

5.1.3 **Close Engineering courses and concentrate on construction –** discounted this option as employers wanted engineering and this is a STEM subject area. This formed part of the work carried out in the Farmer review of the Construction Labour Market, included in the appendix. Also, working closely with local employers and JTL (work based training provider) to assess the needs of the local economy.

5.1.4 **Replace Rubb Tents**(semi-permanent shelters which are easy to erect and are movable) **with an affordable solution –** preferred option this solution offers a minimum 20-year possibility and allows the College to increase student numbers by 100 learners and 50 apprentices each year.

5.1.5 **Build a larger block joining the main building –** discounted as too expensive

6. Project Cost and Funding

6.1 The funding sources are shown in Table 1 below.

6.2 The College has arranged £100,000 loan facility to cover the current funding gap. This funding is based on the LGF bid being successful. For LGF to be transferred, ECC need to provide assurance that the £100,000 funding is in place to SELEP and the Accountable Body, and that as lead authority they accept responsibility for this.

6.3 Chelmsford College capital funding will be sourced from Education and Skills Funding Agency (ESFA) general funding. There is an element of uncertainty during the current COVID-19 situation. If there are delays with this funding for any reason the College will source this funding internally by adjusting internal priorities.

6.4 To avoid disruption to the College, the main build will not commence until Easter 2021. The build programme would be 5 months, see Table 2 below.

Table 1 – Project Funding Sources

Funding Source	2020 Q4	2021 Q1	Q2 2021	Q3 2021	Total
Chelmsford College - Capital			£247,300	£247,300	£494,600
Chelmsford College - Revenue	£2,500	£2,500	£2,500	£2,500	£10,000
SELEP		£647,600	£647,600		£1,295,200
Funding Gap –			£100,000		£100,000

1. The College's bank has initially agreed funding subject to Accountability Board agreement for funding. 2. The College could fund this amount by re-allocation of funds from elsewhere within the College					
Total	£2,500.00	£650,100.00	£997,400.00	£249,800.00	£1,899,800.00

6.5 As set out within the capital programme report, SELEP is awaiting confirmation from MHCLG of the final third of LGF, £25.958m, which has been allocated to SELEP in 2020/21 but has not yet been confirmed.

6.6. The award of funding to the Project is therefore subject to the remaining third of LGF funding being confirmed in writing by MHCLG. No funding will be transferred to Essex County Council in relation to the Project until the final third of LGF has been formally confirmed by MHCLG and received by the Accountable Body.

7. Milestones

7.1 The following Project milestones are shown in the Table 2 below:

Table 2

Milestone	Planned Date of Delivery
Start of project (start spending LGF or match funding)	15 September 2020
Planning discussions with Chelmsford City Council and Neighbours	15 September 2020
Appointment of Architect/Cost Consultant	15 September 2020
Planning Application submitted	1 October 2020
Detailed design commences and appointment of Contractor	1 November 2020

Full Planning Permission Granted	20th December 2020
Groundwork Investigations	20 December 2020 (Xmas break)
Site Mobilisation Works Commence	1 April 2021
Project Completion / Site Opening	1 September 2021

7.2 Table 2 shows a programme that will be delivered by September 2021 which is within the timescale agreed by Strategic Board for delay in spend of LGF due to the COVID social distancing measures, at their April 2020 meeting.

7.3 Table 2 shows that planning permission is expected to be confirmed by the Local Planning Authority in December 2020, work has been ongoing with planners to ensure that everything is prepared correctly. However, any allocation of LGF would be predicated on planning permission being granted.

8. Outcome of ITE Review

8.1 The ITE has commented that the delivery of the Project will enable the provision of purpose-built accommodation to better prepare learners for employment in the construction sector, specifically in multi-construction. This will ensure the skills required for Projects such as Bradwell Power Station, Housing and associated infrastructure, development of Garden Communities and the lower Thames Crossing can be developed locally.

8.2 A qualitative approach to the economic case has been taken. The business case provides details of the local benefits that can be expected to result from the scheme. It is anticipated that if a quantified economic appraisal was undertaken, this would show that the scheme represents high value for money.

8.3 The SELEP Assurance Framework states that schemes may be eligible for exemption from quantified benefit cost analysis, under value for money exemption 1, when a project satisfies the following five conditions:

(i) the project has a benefit to cost ratio greater than 1.5:1, or the project benefits are notoriously difficult to appraise in monetary terms; and

(ii) the funding sought from the SELEP is less than £2m; and

(iii) to conduct further quantified and monetised economic appraisal would be disproportionate to the LGF ask; and

(iv) there is an overwhelming strategic case (with minimal risk in the other cases of the business case); and

(v) there are qualitative benefits which, if monetised, would most likely increase the benefit-cost ratio above 2:1.

8.4 As the LGF ask is below £2m, the Project fits the criteria for value for money exemption. The benefits of capital skills projects are complex and difficult to quantify. The Business Case does provide a qualitative assessment of the Project's value for money case and benefits, from which, it is expected that the Project will achieve high value for money. Without a quantitative benefit cost ratio calculation having taken place, this does present some uncertainty to the value for money assessment.

8.5 Skills will be a key area as part of the post COVID-19 recovery and the skills proposed in this business case which have been supported by business will be key to the ongoing recovery.

9. Project Compliance with SELEP Assurance Framework

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

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

Requirement of the Assurance Framework to approve the project	Compliance (RAG Rating)	Evidence in the Business Case
A clear rationale for the interventions linked with the strategic objectives identified in the Strategic Economic Plan	Green	The Business Case identifies the current problems and why the scheme is needed now. The project objectives align with both national and regional policy, including the SELEP Skills Strategy. The objectives presented align with those identified in the Economic Strategy Statement.
Clearly defined outputs and anticipated outcomes, with clear additionality, ensuring that factors such as displacement and deadweight have been taken into account	Amber	The Business Case clearly sets out the expected outputs and outcomes of the Project. Due to the low level of LGF funding required for this Project, a full BCR assessment is not required.

Requirement of the Assurance Framework to approve the project	Compliance (RAG Rating)	Evidence in the Business Case
Considers deliverability and risks appropriately, along with appropriate mitigating action (the costs of which must be clearly understood)	Green	A comprehensive risk register has been developed which provides an itemised mitigation.
A Benefit Cost Ratio of at least 2:1 or comply with one of the two Value for Money exemptions	Amber	A reasonable and proportionate approach has been taken to economic appraisal for a scheme seeking less than £2m, but as set out in section 8.3 and 8.4 above, a full BCR assessment has not been completed.

10. Financial Implications (Accountable Body comments)

10.1 In considering the recommendation to award funding to this Project, the Board should note that no funding for new projects can be allocated until the final third of LGF has been received.

10.2 Further, in the event that the LGF allocation for 2020/21 that is subject to review by the MHCLG, is not confirmed for receipt, the Board will need to ensure that it does not approve funding in excess of the total value to be received.

10.3 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.

10.4 Essex County Council as Accountable Body to 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.

10.5 All LGF is transferred to the sponsoring 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.

10.6 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.

11. Legal Implications (Accountable Body comments)

11.1 There are no legal implications arising out of this decision. The allocation will be released to Essex County Council in accordance with the terms and conditions of a Service Level Agreement (SLA) already in place. It will be the responsibility of Essex County Council to ensure that there is a satisfactory back to back agreement in place with the college, ensuring that the conditions of the SLA formulate the basis of any agreement put in place.

12. Equality and Diversity implication

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

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

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

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

13. List of Appendices

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

14. List of Background Papers

14.1 Business Case for the Chelmsford College, New Construction Centre.

(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 Peter Shakespear (On behalf of Nicole Wood, S151 Officer, Essex County Council)	24/06/

Forward Plan reference number: FP/AB/271

Report title: Kent and Medway Medical School Phase 2 LGF funding decision	
Report to Accountability Board on 3rd July 2020	
Report author: Helen Dyer, SELEP Capital Programme Officer	
Date: 11th June 2020	**For:** Decision
Enquiries to: Helen Dyer, helen.dyer@southeastlep.com	
SELEP Partner Authority affected: Kent	

1. Purpose of Report

1.1 The purpose of this report is for the Accountability Board (the Board) to consider the award of £4m Local Growth Fund (LGF) to the delivery of the Kent and Medway Medical School (the Project).

1.2 Initially a Business Case was submitted which sought £8m of LGF funding towards the delivery of the Project. At the Investment Panel meeting on 28th June 2019, it was agreed that the Project would receive an initial LGF allocation of £4m, subject to Board agreement. It was decided that the remaining balance of £4m would be included in the prioritised pipeline of LGF projects, with the funding being allocated to the Project if further LGF funding became available as a result of funding being returned to SELEP.

1.3 In November 2019, the Board agreed the initial award of £4m LGF to support the delivery of the Project. At the time of this decision, the University of Kent and Canterbury Christ Church University agreed to underwrite the £4m balance through emergency borrowing or by delaying or cancelling complementary investments elsewhere within the universities, should further LGF funding not become available. This approach would place a significant burden on the medical school given that its viability is marginal, especially in the early years.

1.4 Following decisions made at the February 2020 Board meeting, there was sufficient LGF funding available for the Board to consider the award of the remaining £4m LGF to the Project, subject to SELEP receiving its full LGF allocation for 2020/21 from Central Government. However, as set out within the LGF Capital Programme update report, SELEP is awaiting confirmation from MHCLG regarding the final third of the LGF funding (£25.958m), which has been allocated to SELEP for 2020/21.

1.5 The Board cannot award more funding to projects than has been confirmed by Central Government. However, the Strategic Board has agreed that new funding awards can be made by the Board, if the relevant upper tier Local Authority can identify an alternative existing LGF project to accept a charge, equivalent to the value of the new project, until the final third of funding is confirmed by Central Government.

1.6 The Business Case for the Project has been reviewed by the SELEP Independent Technical Evaluator (ITE) and the Project has been assessed as presenting high value for money with high certainty of achieving this.

2. Recommendations

2.1. The Board is asked to:

2.1.1. **Agree** the award of £4m LGF to support the delivery of the Project identified in the Business Case and which has been assessed as presenting high value for money with high certainty of achieving this, subject to sufficient LGF being made available to support the Project;

2.1.2. **Agree** to place a £4m notional charge over the Thanet Parkway project to enable the transfer of funding to the Project prior to confirmation from MHCLG of the final third of the 2020/21 LGF allocation;

2.1.3. **Note** that:

2.1.3.1. if the final third of funding is received in full, that the charge will be removed from the Thanet Parkway project and the project will receive the agreed £14m LGF allocation in full;

2.1.3.2. a further decision will be sought from the Strategic Board to determine how the funding should be directed if only part of the final third of LGF allocated to SELEP in 2020/21 be confirmed by Central Government;

2.1.3.3. if no further LGF funding is received from MHCLG, that the LGF allocation for the Thanet Parkway project will reduce by £4m and that Kent County Council will need to take steps to seek alternative funding sources to enable delivery of the project.

2.1.4. **Note** that assurances have been received from Kent County Council regarding the ongoing viability of the Project in light of the University of Kent’s financial position, and that the risk regarding the LGF spend on the Project sits with Kent County Council.

3. Kent and Medway Medical School (the Project)

3.1. The Project will deliver the first medical school in Kent, providing an innovative centre for medical education and research. It will respond to the acute need for medical professionals in the local area which has seen rapid housing and population growth and will drive productivity and innovation in the health economy. The Project will also contribute to the development of the ‘medical corridor’ envisaged by the Thames Estuary 2050 Growth Commission.

3.2. The Project is a joint venture between the University of Kent and Canterbury Christ Church University, with facilities being delivered on both campuses in

Canterbury. The facilities are designed to be complementary and all students will use both sites during the course of their studies.

3.3. The Project will deliver:

3.3.1. 2,476sqm of lecture theatre, classroom, anatomy and clinical skills simulation laboratory space at Canterbury Christ Church Universities' Science, Technology, Engineering and Medicine (STEM) facility; and

3.3.2. 2,320sqm of lecture theatre, IT suites, seminar rooms, meeting rooms and office space at the University of Kent.

3.4. The Project Business Case identifies three overarching project objectives:

3.4.1. Growing the healthcare workforce in the context of population growth and demographic change – the Kent and Medway areas have a rapidly growing population, with an increase of 21% expected between 2016 and 2036. In addition, the local population is ageing with the number of people aged 75 or above expected to increase by 85% by 2036. These changes will lead to increased and changing demands on the health system. As a result, the Kent and Medway Sustainability and Transformation Partnership has identified an urgent need to grow the local healthcare workforce. The Project seeks to address the current challenges faced in recruiting and retaining medical staff in Kent and Medway, through providing the opportunity to 'grow' a local workforce through the medical school;

3.4.2. Delivering innovation and improved productivity in the health economy – whilst the Project will lead to an increase in the supply of trained clinical staff, the Kent and Medway Sustainability and Transformation Partnership recognise that in order to meet the future needs of a growing and changing population there will need to be significant improvements in productivity across the health sector. This will include greater collaborative working between primary and secondary care, and a strengthened ability to tackle challenges that prevent the system from working for the benefit of the patient;

3.4.3. Growing the South East's life sciences and medical technologies sector – in Kent and Medway the life sciences sector is widely recognised as an area of growth, with concentrations of activity at Discovery Park and Kent Science Park. However, this sector is currently relatively small. There are significant opportunities for commercial innovation within the sector, and the provision of a medical school in Kent and Medway would better place those businesses within the life sciences sector to maximise these opportunities and to create a nationally significant concentration of clinical research expertise.

3.5. The intended benefits of the Project include:

3.5.1. Delivery of the first medical school in Kent and Medway, initially supporting 107 undergraduates per year, rising to 214 from 2029/30, and with additional capacity for postgraduate and Continuing Professional Development education;

3.5.2. Delivery of a new curriculum model to support the Kent and Medway health economy, with much greater exposure to primary care from the outset – helping to address the key areas of workforce shortage;

3.5.3. Increased and more diverse recruitment into the health service workforce, through an outreach model that will broaden the medical talent pool;

3.5.4. Reducing the workforce challenges that are currently affecting the healthcare sector;

3.5.5. Construction 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 in Chelmsford, and building strong relationships with the University of Kent and Canterbury Christ Church University's research expertise.

3.6. In order to establish a new medical school, Government approval is required. In 2018 the Government approved an application for the Kent and Medway Medical School. This approval unlocked revenue funding from 2020/21 for an initial cohort of 107 undergraduate students. However, there is no Government capital funding available to assist with the delivery of the required educational facilities.

3.7. Given the regional importance of the Project the universities decided to proceed with the delivery of the Project at risk, whilst seeking a mixed funding package including university borrowing, corporate and philanthropic sponsorship and public sector contributions.

3.8. As a result of this decision, the build of the medical school will still be completed to the same timetable regardless of whether further LGF funding is awarded. However, delivery of the Project without further LGF investment would require either additional borrowing or the delay or cancellation of complementary investments elsewhere within the universities in order to release further funding. This would place a significant burden on the medical school given that its viability is marginal, especially in the early years and would likely result in slower expansion in the coming years.

4. Options Considered

4.1. During the development of the Project a long list of twelve options was drawn up. Each option on this list was then reviewed in light of its viability, deliverability and alignment with the overarching project objectives.

4.2. Following this review, three options were shortlisted for further appraisal. The three shortlisted options are set out in the Project Business Case and include:

4.2.1. **Option 1: Do Nothing** – this option would involve no capital expenditure on the medical school, meaning that the Project would not proceed in the short term. This option would still yield some benefits to the UK health sector, through the redistribution of Government funding to other universities. However, these benefits would likely be outside Kent and the SELEP area. This option was discounted as it does not address the challenges of the Kent and Medway health economy which are driving the Project.

4.2.2. **Option 2: Do Minimum** – this option involves the minimum amount of capital expenditure required to enable students to start at the medical school in September 2020. This option would require the use of existing facilities at the two universities or the hiring of temporary accommodation, essentially postponing further investment to a future date. This approach would not offer the capacity for future growth and would only allow the medical school to operate at the minimum number of students required to be operationally viable. This option was discounted as there are too many risks associated with operating at a minimum level, including issues with attracting academic staff, reducing student numbers, concerns regarding viability and a risk that a medical school operating on this basis would not receive General Medical Council approval.

4.2.3. **Option 3 – Do Maximum** – this option would involve the development of the medical school on two sites in Canterbury – a new build site on the University of Kent campus and a variation to a planned new-build on the Canterbury Christ Church University Campus. This option will provide all the facilities outlined in section 3.3 of this report and will allow the medical school to open in September 2020 with an initial cohort of 107 students. In addition, this option provides the necessary capacity for future growth.

4.3. The preferred option is Option 3 – Do Maximum. This option most directly achieves the Project objectives through provision of a medical school of sufficient scale to attract both students and academics, which is co-located with other relevant university expertise and combines the strengths of Canterbury Christ Church University and the University of Kent. In addition, Option 3 directly aligns with the vision for the medical school which the Government supported when approving the application.

4.4. Delivery of Option 3 will initially create 16 direct jobs, rising to 73 jobs in 2025/26 in order to accommodate anticipated growth. By 2033/34 direct jobs created are expected to have risen to 130 FTE.

4.5. In 2020, the medical school will welcome an initial cohort of 107 students, all of whom will be undertaking a five or six year undergraduate course. It is anticipated that, subject to Government lifting the cap, student numbers will gradually grow until the annual cohort reaches 214 in 2029/30.

4.6. The universities have committed to funding the preferred option through their own resources and the construction process is well underway. The award of a further £4m of LGF funding will ease pressure on cash flows at a time when income is significantly constrained, and operating costs continue to rise.

5. Public Consultation and Engagement

5.1. Throughout the development of the Project there has been extensive engagement with a wide range of stakeholders. The key stakeholders for the Project include the NHS Trusts and Clinical Commissioning Groups in Kent and Medway, all of which are supportive of the Project.

5.2. Table 1 provides a summary of the stakeholders identified in the Project Business Case.

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

NHS Trusts in Kent and Medway	Clinical Commissioning Groups in Kent and Medway
Health Education England	Higher Education Funding Council for England
Kent and Medway Sustainability and Transformation Partnership	Kent and Medway Economic Partnership
Thames Estuary 2050 Growth Commission	NHS England
General Medical Council	Health Education Kent, Surrey and Sussex
Kent County Council	SELEP

5.3. A full Stakeholder Engagement Plan has been provided as part of the Business Case.

6. Project Cost and Funding

6.1. The total capital cost of the Project is estimated at £24.84m as set out in Table 2 below.

6.2. During the LGF3b prioritisation process a Business Case was submitted which sought £8m of LGF funding towards the delivery of the Project. At the Investment Panel meeting on 28 June 2019, it was agreed that the Project would receive an initial LGF allocation of £4m, subject to Board agreement. It was decided that the remaining balance of £4m would be included in the prioritised pipeline of LGF projects, with the funding being allocated to the Project if further LGF funding became available as a result of funding being returned to SELEP.

6.3. In November 2019, the Board agreed the initial award of £4m LGF to support the delivery of the Project. At the time of this decision, the University of Kent and Canterbury Christ Church University agreed to underwrite the £4m balance through emergency borrowing and through delaying or cancelling complementary investments elsewhere within the universities, should further LGF funding not become available.

6.4. Following decisions made at the February 2020 Board meeting, there was sufficient LGF funding available for the Board to consider the award of the remaining £4m LGF to the Project, if SELEP received its full LGF allocation for 2020/21 from Central Government. However, as set out within the LGF Capital Programme update report (agenda item 5), SELEP is awaiting confirmation from MHCLG regarding the final third of the LGF funding (£25.958m), which has been allocated to SELEP for 2020/21 but which has not yet been confirmed.

6.5. The Capital Programme update report also makes it clear that the Board cannot award more funding to projects than has been confirmed by Central Government. However, the Strategic Board has agreed that new funding awards can be made by the Board, if the relevant sponsoring Local Authority can identify an alternative existing LGF project to accept a charge, equivalent to the value of the new project, until the final third of funding is confirmed by Central Government.

6.6. Given the urgency of an LGF funding decision for the award of the remaining £4m LGF to the Project, Kent County Council has agreed to accept a £4m LGF charge against the Thanet Parkway project, as the LGF spend extends beyond the Growth Deal period. This in addition to the £1.6836m notional charge suggested for the East Malling Advanced Technology Horticultural Zone project (agenda item 15) and the £300,000 notional charge suggested for the Kent Strategic Congestion Management Programme (agenda item 10), therefore, if agreed, a total charge of £5.9836m would be held over the Thanet Parkway project.

6.7. It is expected that a decision will be received from MHCLG regarding the final third of the LGF funding by September 2020. The current delivery programme for the Thanet Parkway project indicates that the planning application is not due to be determined until August 2020 and therefore a charge against the project, until September 2020, is not expected to result in any substantial delays to the delivery of the project. However, if the final third of LGF is not confirmed by MHCLG, the reduced LGF allocation to the Thanet Parkway project will likely create a funding gap and will impact the deliverability of the project, unless alternative funding sources can be identified.

6.8. The remaining cost of the Project will be funded by Canterbury Christ Church University and the University of Kent through a combination of accumulated reserves and borrowing. The use of these funds has been approved through the relevant governance arrangements and will be overseen by the Project Board.

6.9. Subsequent to the award of the initial £4m LGF allocation to the Project, information has been published regarding the current financial position of the University of Kent. It is noted that the University of Kent was reporting a deficit of £60m. This deficit is a result of rising costs, external pressures, one-off restructuring costs and future pension liabilities. This figure was reported prior to the COVID-19 pandemic.

6.10. The University of Kent are currently working through a significant change programme to ensure that the university remains successful and sustainable into the future. This programme includes a review of their academic offer and seeking opportunities to build upon their current strengths and successes. Part of the change programme includes the introduction of new programmes in medicine, science, engineering and social sciences.

6.11. In light of this update, Kent County Council have actively sought assurances from the university in relation to their financial position and any impact that this might have on the Project. In turn the SELEP Secretariat have sought assurances from Kent County Council that they are still happy to support the Project, and this support has been confirmed through the receipt of an updated S151 Officer letter.

6.12. It has been agreed that Canterbury Christ Church University will act as the conduit for the LGF funding. Both Canterbury Christ Church University and the University of Kent have entered into a legal agreement with Kent County Council in relation to the use of the LGF funding in the delivery of the Project.

Table 2 – Kent and Medway Medical School funding profile (£m)

	2018/19 £m	2019/20 £m	2020/21 £m	Total £m
SELEP LGF – agreed November 2019		4.000		4.000
SELEP LGF – subject of this report			4.000	4.000
University of Kent	0.634	5.494	3.472	9.600
Canterbury Christ Church University	2.015	2.908	2.317	7.240
Total	2.649	12.402	9.789	24.840

7. Update on Project delivery

7.1. Work commenced onsite at Canterbury Christ Church University in October 2018 and at the University of Kent in April 2019. Both sites were on track for completion during the summer of 2020, allowing the first cohort of students to begin their undergraduate studies at the medical school in September 2020.

7.2. As a result of the COVID-19 pandemic it was necessary to stop construction work on the Canterbury Christ Church University site on 20th March 2020. It was possible for work to recommence onsite on the 20 April 2020. There are approximately 120 construction workers currently onsite, whereas in early March there were over 200 people working on the project, this will inevitably have an impact on the delivery programme.

7.3. The main contractor is adhering to strict social/physical distancing measures and is working closely with the university regarding the provision of welfare for the current workforce. The contractor has identified some initial impacts of COVID-19 on the delivery programme, for example, there have been issues with obtaining some materials as suppliers are prioritising NHS contracts. In addition, some sub-contractors were diverted to assist with the delivery of Nightingale Hospital facilities to help with the fight against COVID-19.

7.4. The contractor is currently developing an updated delivery programme for the works, however, they have indicated that there will be at least a two month delay on the project, meaning that the building may not be available for use until late 2020 or early 2021. The university has developed contingency plans in order to ensure that the first cohort of students can commence their studies in September 2020 as planned. The students will be taught elsewhere on the Canterbury Christ Church University campus, or remotely if the social distancing measures are still in place, until the building is complete and ready for use.

7.5. As part of the proposed mitigation measures, alternative facilities are being identified for each of the programmes that were due to start in the new Canterbury Christ Church University building in September 2020. An example of the planned mitigation measures for the medical school is that the curriculum is being modified so that the anatomy suite in the new building is not needed in the autumn, the focus will instead be on the use of less specialised facilities or for more teaching and learning to be online, including through software which the university already has access to. The university will also still have access to other facilities onsite for clinical skills teaching as required until the new building is ready. As a majority of the mitigation measures will make use of existing facilities or learning tools, it is expected that the cost implications will not be significant.

7.6. As a result of the proposed mitigation measures, there will be no impact on the project outcomes as a result of the COVID-19 impact on Project delivery.

8. Outcome of ITE Review

8.1. The ITE review indicates that the Project is supported by a clear and strong strategic case.

8.2. Outputs and outcomes are clearly defined, and a Monitoring and Evaluation plan and Benefits Realisation spreadsheet have been provided. It is noted that the evaluation work will be undertaken by an independent organisation and money has been set aside to procure this.

8.3. The ITE review indicates that a reasonable approach to the assessment of the scheme costs and benefits has been adopted. Clear justification has been provided within the Business Case for not using the land value as a measure of the Project benefits.

8.4. Assumptions made within the Economic Case are clearly stated and justified providing confidence that the approach adopted is robust. Furthermore, the ITE review notes that sensitivity tests have been undertaken which provide additional confidence in the value for money offered by the scheme.

8.5. The preferred option produces a strong Benefit Cost Ratio representing high value for money.

9. Project Compliance with SELEP Assurance Framework

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

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

Requirement of the Assurance Framework to approve the project	Compliance (RAG Rating)	Evidence in the Business Case
A clear rationale for the interventions linked with the strategic objectives identified in the Strategic Economic Plan	Green	The Business Case identifies the current problems and why the scheme is needed now. The project objectives align with both national and regional policy, including the SELEP Economic Strategy Statement.
Clearly defined outputs and anticipated outcomes, with clear additionality, ensuring that factors such as displacement and deadweight have been taken into account	Green	The expected project outputs and outcomes are set out in the Business Case and are considered in the Economic Case. Displacement, leakage and deadweight have been taken into account in the economic assessment.
Considers deliverability and risks	Green	The Business Case demonstrates experience of

Requirement of the Assurance Framework to approve the project	Compliance (RAG Rating)	Evidence in the Business Case
appropriately, along with appropriate mitigating action (the costs of which must be clearly understood)		delivering similar schemes. A comprehensive risk register has been developed which provides an itemised mitigation.
A Benefit Cost Ratio of at least 2:1 or comply with one of the two Value for Money exemptions	Green	A BCR of 2.42:1 has been calculated for the preferred option, which indicates high value for money.

10. Financial Implications (Accountable Body comments)

10.1. In considering the recommendation to award funding to this Project, the Board should note that no funding can be transferred for the charge to be removed from the Thanet Parkway project, until the final third of LGF has been received.

10.2. Further, in the event that the LGF allocation for 2020/21 that is subject to review by the MHCLG, is not confirmed for receipt, KCC will need to bring an update report to the Board to assure the funding position for the Thanet Parkway project.

10.3. 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.

10.4. Essex County Council, as the Accountable Body, is responsible for ensuring that the LGF funding is utilised in accordance with the conditions set out by Government for use of the Grant.

10.5. All LGF is transferred to Kent County Council 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. A contract between Kent County Council and Canterbury Christ Church University and University of Kent has now been entered into and it is expected that this delivers the same levels of assurance under the terms of a Funding Agreement or SLA.

10.6.

10.7. 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 As highlighted in paragraph 6.6, it has been reported in March 2020 that the University of Kent is in deficit by in excess of £60 million. This was reported prior to the impact of COVID-19 and introduction of social distancing measures, therefore, there is a likely risk that this deficit has since increased. If the University of Kent were to withdraw their funding allocation of £9.6m to the Project due to financial pressures, and the Project were to fail as a result, the expectation is that the LGF allocation would be returned to SELEP Ltd for reinvestment in projects included in the LGF pipeline.

10.7 The LGF legal agreement sits between Essex Country Council (ECC) as Accountable Body and Kent County Council (KCC), and as such KCC would be obliged to return the £4m tranche 1 funding and the £4m tranche 2 funding (on approval in this paper) to the Accountable Body (ECC), should the project fail.

10.8 It is noted that KCC have confirmed that they are happy to continue to support the Project. SELEP is in receipt of a S151 Officer letter from KCC to which provides their assurance around the risk outlined in 10.6 and recognising their responsibility for funding on the Project and will underwrite any shortfalls arising.

11. Legal Implications (Accountable Body comments)

11.1. There are no legal implications arising out of this decision. The allocation will be released to Kent County Council in accordance with the terms and conditions of the Service Level Agreement (SLA) already in place. It will be the responsibility of Kent County Council to ensure that there is a satisfactory back to back agreement in place with both universities, ensuring that the conditions of the SLA formulate the basis of any agreement put in place.

12. Equality and Diversity implication

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

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

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

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

13. List of Appendices

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

14. List of Background Papers

14.1. Business Case for the Kent and Medway Medical School Project.

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

Role	Date
Accountable Body sign off Peter Shakespear (On behalf of Nicole Wood, S151 Officer, Essex County Council)	 24/06/2020

Forward Plan Reference Number: FP/AB/267

Report title: A13 widening LGF funding decision report	
Report to Accountability Board on 3rd July 2020	
Report author: Anna Eastgate, Assistant Director Lower Thames Crossing & Transport Infrastructure Projects, Thurrock Council and Rhiannon Mort SELEP Capital Programme Manager, SELEP	
Date: 23/04/2020	**For:** Decision
Enquiries to: Anna Eastgate, AEastgate@thurrock.gov.uk Rhiannon Mort, Rhiannon.mort@southeastlep.com	
SELEP Partner Authority affected: Thurrock Council	

Confidential Appendix

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

1. Purpose of report

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

1.2 The Project has previously been awarded £71.058m LGF including £5m Local Growth Fund (LGF) towards the early development of the Project and £66.058m towards the construction of the Project.

1.3 Through the last few meetings the Board has been made aware of issues which have arisen through the delivery of the Project to date, which have led to an increase in costs to the Project.

1.4 On 4 October 2019, the SELEP Strategic Board agreed the prioritisation of an additional £8.942m LGF towards the Project. This will increase the total LGF funding contribution to £80.0m. The allocation of the £8.942m additional LGF to this Project is subject to the following two conditions being satisfied:

1.4.1 a full funding package being in place for the Project; and
1.4.2 that the Project still represents high value for money (VfM).

1.5 Subsequently, as a result of only two thirds of SELEPs LGF allocation having been transferred in May 2020, the funding decision is also subject to sufficient LGF being available to enable the award of a further £8.942m LGF to the Project.

1.6 The economic case and financial case of the Project Business Case have been updated to reflect the increase in costs and the change to the Project LGF spend profile. This updated information has been reviewed by SELEP's Independent Technical Evaluator (ITE) to ensure that the Project continues to present high value for money.

1.7 This report sets out the outcome of the updated value for money assessment for the Project and asks the Board to consider the award of a further £8.942m LGF to the Project.

2. Recommendations

2.1 The Board is asked to:

2.1.1 **Note** that significant progress has been made since the last meeting with regard to the three significant issues which had led to difficulties on the Project; and

2.1.2 **Note** the updated total cost of the Project and the position with regard to the funding package, as set out in section 6 and the confidential appendix. An assessment of the potential impact of the Covid-19 emergency has yet to be made with respect to the cost of the Project.

2.1.3 **Agree** to place a £2.3m notional charge over the Tilbury Riverside project to enable the transfer of £2.3m LGF to the Project, prior to confirmation from Central Government of the final third of the 2020/21 LGF allocation to SELEP.

2.1.4 **Agree** the award of an additional £8,942,400 LGF to the Project, which has been assessed as presenting high value for money with medium certainty of achieving this. Of the £8,942,400 funding award, £6,640,400 LGF will be awarded subject to the remaining third of SELEP's LGF allocation being transferred by Central Government or the Strategic Board prioritising the Project for funding, should only part of the final third of LGF be confirmed by Government. The further £2.3m LGF will be made available for immediate drawdown.

2.1.5 **Note** that:

- if the final third of LGF funding is received in full, that the charge will be removed from Tilbury Riverside project and the Tilbury Riverside project will receive the agreed £2.36m LGF allocation in full;
- a further decision will be sought from the Strategic Board to determine how the funding should be directed if only part of the final third of LGF, allocated to SELEP in 2020/21, be confirmed by Central Government;
- if no further LGF funding is received from Central Government, that the LGF allocation for the Tilbury Riverside project will

reduce by £2.3m.Thurrock Council will need to take steps to seek alternative funding sources to enable delivery of the Tilbury Riverside project and identify an additional £6,640,400 to bridge the funding gap for the A13 widening..

3. Background

3.1 The Project involves widening the A13 Stanford le Hope Bypass from 2 to 3 lanes in both directions, from the junction with the A128 (Orsett Cock roundabout) in the west to the A1014 (the Manorway) in the east. Once the Project is completed, there will be a continuous three-lane carriageway from the M25 to Stanford le Hope.

3.2 When complete, the Project will reduce congestion thereby delivering environmental benefits in terms of reduced noise and air pollution and improve journey times. It will also provide a significant contribution in supporting much needed economic growth not only on a regional and national platform but given the proximity to significant ports, logistics and industry, also on an international basis too which is why the delivery of the scheme is of critical importance.

3.3 The Project is a Department for Transport (DfT) retained scheme, which means the original business case for the Project was reviewed by the DfT and the funding decision was made by the Secretary of State in April 2017.

3.4 At the time of the original funding decision, the estimated Project cost totalled £78.866m, with £66.058m LGF being secured from the DfT and a further £5m LGF having been awarded by SELEP towards the early development stage of the Project. There are also third-party funding contributions made to the Project which have been received by Thurrock Council.

3.5 In November 2019 and February 2020, the Board received an update on the Project and the issues which have arisen resulting in an impact on the programme and the budget for the Project. At the last meeting in February 2020 it was agreed that an update would be provided to the Board in terms of updated project cost and expected completion and confirmation that Thurrock Council will commit the remaining funding to the Project.

3.6 The DfT has transferred an additional £8.942m unallocated LGF to SELEP in 2019/20, which was previously identified within the original Growth Deal as a funding contribution to the A13 widening Project. The £8.942m has been transferred to Essex County Council, as the SELEP Accountable Body, as an un-ringfenced grant.

3.7 At the SELEP Strategic Board meeting on 4 October 2019, the Strategic Board agreed to provisionally allocate an additional £8.942m to the Project, subject to the Project demonstrating that the full funding package is in place and the Project continues to present high value for money.

3.8 Subsequent to the prioritisation of the Project by the Strategic Board, there has been a change to the availability of funding to support the Project.

3.9 As set out within the capital programme report, SELEP is awaiting confirmation from Central Government of the final third of LGF funding (£25.958m), which has been allocated to SELEP in 2020/21 but has not yet been confirmed.

3.10 The LGF Capital Programme update report makes clear that the Board cannot award more funding to projects than has been confirmed by Central Government. However, the Strategic Board has agreed that new funding awards can be made by the Board, if the relevant sponsoring Local Authority can identify an alternative existing LGF project to accept a charge, equivalent to the value of the new project, until the final third of funding is confirmed by Central Government.

3.11 Thurrock Council has indicated they wish to accept a charge over the Tilbury Riverside project, to the value of £2.3m LGF, in advance of the final third of SELEP's LGF allocation in 2020/21 being confirmed by Central Government.

3.12 A remaining £6,640,400 LGF funding award to the Project (£6,640,400) is subject to the remaining third of LGF funding allocated to SELEP in 2020/21 being confirmed in writing by Central Government.

3.13 It is expected that a decision will be received from Central Government regarding the final third of the LGF funding by September 2020. The current delivery programme for the Tilbury Riverside project will likely be delayed until the final third of LGF is confirmed. If the final third of LGF is not confirmed by Central Government, the reduced LGF allocation to Tilbury Riverside project will likely create a funding gap and will impact the deliverability of the project, unless alternative funding sources can be identified.

4. Progress since the last Board meeting

4.1 The Board will recall that there have been three significant issues which have impacted on the ability to deliver the Project and have resulted in substantial increases to the Project cost. Those issues are:

- Utilities Diversion Works – are usually carried out by the utility company directly or their approved contractors due to their responsibilities under legislation as statutory undertakers. As a consequence, there is no contractual relationship between the Council and the utility contractor and therefore very limited influence and control over the speed with which matters are progressed. The issues encountered included delays in the approvals of the feasibility studies and design of the diversions, programming of works, availability of resource and materials to complete the works as certain utilities can only be undertaken during particular months of the year, the ability to secure the relevant land for the diversion and agree necessary legal rights to maintain the diverted apparatus. These issues then had a knock-on impact on the main works programme which needed to be adjusted to enable work to progress along the route where it did not affect the diversions.

- Structures Design – Unforeseen ground conditions and differences between the as built drawings and the in-situ structures resulted in significant re-design work to ensure that the structures were fit for purpose to comply with the DMRB standards which were committed to as part of the business case. This clearly had an impact on cost and programme delivery.
- Drainage Design- the same issues as for the structures impacted on the drainage and again meant that the drainage design for the scheme had to be reviewed resulting in significant redesign work and compensation events under the contract. This also led to delays in delivery as a consequence of the work programme having to be reorganised to enable works to progress along other areas of the route.

4.2 These issues remain a sharp focus for the Project team and an update on progress is provided below.

4.3 The design elements of the scheme are now complete and support is being provided to respond to technical enquiries associated with the design.

4.4 The issues with the utilities diversions have now largely been resolved. There are a few outstanding matters but these are not considered sufficiently significant to cause any further delay in construction.

4.5 The UKPN overhead power lines across the A13 have been successfully removed and undergrounded.

4.6 The new Horndon Road bridge has been lifted into position and works to complete the new structure have been ongoing.

4.7 At Orsett Cock roundabout, the concrete pours have been completed for the central piers.

5 Programme

5.1 At commencement, the Project had a planned completion date (open to traffic) of Autumn 2020. The three major issues which have been brought to the attention of the Board have been matters largely outside the Council or Project control. Based on the current approved programme (prior to Covid-19) the scheme is likely to be open to traffic in Autumn 2021.

5.2 Since all of the work done to re-baseline the programme and forecast for the scheme was undertaken, the current national emergency with Covid-19 has occurred. Work paused for a week on the Project to enable consideration to take place of Government Guidance and Construction Council Guidance.

This was to ensure that work could continue on the site whilst adhering to all relevant guidance and protecting the health and safety of the workforce as well as the travelling public.

5.3 Work has now resumed on site, but with a reduced workforce to ensure works conform with Government guidance. As known issues and impacts arise, as a consequence of Covid-19, the team are separately documenting them to enable a review to be undertaken to ascertain the precise impacts on project cost and programme at the appropriate time.

5.4 The team are having daily calls to discuss how the impacts can be minimised, reworking the programme, accelerating some activities where possible especially as the roads are currently quieter and therefore there is likely to be less disruption. The main works contractor is anticipating improving the work rate to approximately 75% of capacity yet still complying with all guidance and health and safety responsibilities which has to be paramount. The response of the main contractor to working under current conditions and identifying new ways of working to maintain activity on site has been exemplary.

6. Update on Project Costs

6.1 Over the last few months, considerable effort has been made to improve the cost certainty of the Project. This included negotiating down and accepting a number of high cost quotations including a change to the Works Information for the drainage (one of the biggest issues on the project to date), holding risk workshops, undertaking a Monte Carlo risk analysis simulation, undertaking a line by line review of costs incurred to date to produce a realistic estimate of total project cost and expenditure profile.

6.2 The revised expenditure profile and a comparison of the revised total project cost with the original total project cost can be found in the confidential Appendix A.

6.3 In summary, the current anticipated out turn cost is forecast to be £114,675,000 which includes an identification of a risk pot as a contingency which has been generated through the Monte Carlo risk analysis process. This represents a variance against the original budget of £26,908,404. The updated Project spend profile is set out in Table 1 below.

Table 1 Updated Project spend profile (£m)

	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	Total
LGF development funding	2.709		2.291					5.000
LGF DfT retained scheme funding		13.408	11.483	26.406	14.761			66.058
Additional LGF					8.942			8.942
Third Party			0.024	4.576	3.624			8.224
Thurrock Council					10.748	13.090	0.556	24.394
Adjustment			-0.172	2.229				
Total Project Cost	2.709	13.408	13.626	33.211	38.075	13.090	0.556	114.675
	Actual spend				Projected spend			

6.4 Thurrock Council's Corporate Director of Finance, Governance and Property has given assurances that the Project will still progress through to completion and that the Council will underwrite any further funding shortfall that arises. This will include seeking additional funding through any external sources available to the Council, as well as the use of its own capital resources such as capital receipts and Prudential Borrowing.

7. Value for Money Exercise (VfM)

7.1 Thurrock Council appointed Mott MacDonald to undertake a value for money review. This involved putting the revised total project cost and expenditure profile into the Financial Case and Economic Case to determine a revised benefit to cost ratio (BCR) for the Board's consideration.

7.2 The original business case, approved by the DfT in April 2017, concluded that the project demonstrates high VfM without Lower Thames Crossing (BCR = 2.9) and a very high VfM (BCR = 4.4) when the impact of the new Lower Thames Crossing on future traffic flows along the A13 is considered.

7.3 The revised BCR ratios conclude that the project demonstrates high VfM without Lower Thames Crossing (BCR = 2.1) and a high VfM with Lower Thames Crossing (BCR = 3.1). For further detail, please refer to the VfM assessment in Appendix B.

8. Risk and Mitigation

8.1 This project, similarly to other infrastructure projects, will carry an element of risk throughout as a consequence of the three major issues which have been identified; utilities diversion works, structures design and drainage design. These issues are now being managed to positive effect and there is appropriate mitigation in place which is reviewed and monitored regularly by the Steering Group and the Council's Major Projects Board.

8.2 Given the issues set out in this report, Thurrock Council and the contractors have undertaken a number of steps to mitigate any further impacts. These mitigation measures include:

8.2.1 Regular updates and reviews of standard project management tools including risk registers, change logs, approvals & governance, clear systems and processes and ways of working etc.

8.2.2 Appointment of external auditors – Thurrock Council has retained the support of expert transport infrastructure auditors to continue to provide an independent review of the scheme.

8.2.3 Programme challenge workshops – will continue to be scheduled to identify ways to deliver efficiently.

8.2.4 Collaborative planning – the parties are undertaking collaborative planning to understand the inter-dependencies on the project and how they can be effectively managed to avoid impacts on the critical path.

8.2.5 Ways of working – co-location of contractors on site to ensure efficient agreement on issues which can then be quickly resolved although this has been limited in recent weeks due to Covid 19.

8.2.6 A monthly dashboard reporting mechanism to track blockers and identify ways of relieving them.

8.2.7 Elements of parallel working which can ensure the workforce and plant and equipment is being utilised to maximum effect.

8.2.8 Early warnings and improvements to communication to ensure efficiency.

8.3 In light of the issues that have arisen on this Project, which are not dissimilar to other schemes both regionally and nationally, it is intended that a lessons learnt exercise will be organised between SELEP and Thurrock Council, involving officers from across the SELEP area to improve best practice and learn from the delivery of LGF projects to date.

8.4 Other well documented schemes nationally include Highways England's A14 scheme which had significant delays. The promotion of the A52 works in Derby by a local authority also had significant issues with design, construction and funding. It can be seen therefore that the issues on the A13 are not untypical compared to other major infrastructure transport schemes.

9. SELEP Secretariat comments

9.1 The SELEP ITE has reviewed the updated VfM report. The ITE has commented that the economic appraisal has been carried out in a robust and reasonable manner with the economic case demonstrating that the Project will provide high VfM.

9.2 The ITE have commented that the VfM is very close to the 2:1 threshold. A project with a BCR of over 2 is considered to present high VfM.

9.3 The level of optimism bias included within the economic appraisal is only 3%. Whilst this level is considered suitable for a project at the construction phase, this does mean that the VfM categorisation for the Project is very sensitive.

This means that should there be any further increase in Project cost or reduction in the Project benefits, the VfM categorisation could fall to medium, which is below the 'high' VfM categorisation required by the national and SELEP's Assurance Framework for LGF investments to be made.

9.4 Furthermore, the revised cost estimate only includes a 3% risk allowance of £3.6m This presents a similar challenge to the VfM categorisation, as set out in 9.3 above, in that any further increases to the project cost could reduce the VfM categorisation to medium.

9.5 The low risk allowance within the revised project cost presents a risk that should relatively small increases to the Project cost be incurred, over the 3% risk allowance or £3.6m, this would result in further increases to the cost of the Project; over and above the £114,675,000 updated Project set out in Table 1.

10. Project Compliance with SELEP Assurance Framework

10.1 Table 2 below considers the assessment of the Business Case against the requirements of the SELEP Assurance Framework. The assessment confirms the compliance of the Project with SELEP's Assurance Framework.

Table 2 - Assessment of the Project against the requirements of the SELEP Assurance Framework

Requirement of the Assurance Framework to approve the project	Compliance (RAG Rating)	Evidence in the Business Case
A clear rationale for the interventions linked with the strategic objectives identified in the Strategic Economic Plan	Green	The Business Case identifies the current problems and why the scheme is needed now.
Clearly defined outputs and anticipated outcomes, with clear additionality, ensuring that factors such as displacement and deadweight have been taken into account	Amber	The ITE assessment confirms that the economic appraisal has been carried out in a robust and reasonable manner. The business case also previously been reviewed and approved by the DfT. The economic appraisal has been updated but follows the same approach to the economic

Requirement of the Assurance Framework to approve the project	Compliance (RAG Rating)	Evidence in the Business Case
		appraisal previously approved by the DfT.
Considers deliverability and risks appropriately, along with appropriate mitigating action (the costs of which must be clearly understood)	Green	The project risk register has been updated and the revised cost estimate has been informed by a Monte Carlo risk analysis simulation, to help quantify the likely costs of the remaining project risks.
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 has been taken to economic appraisal which confirms that the Project continues to present high value for money. However, the VfM is very close to the 2:1 threshold

11. Financial Implications (Accountable Body comments)

11.1. In September 2019 the Board was advised that Thurrock Council had identified a significant overspend in the delivery of the A13 Project. The Strategic Board agreed in October 2019 to allocate a further £8.942m to the Project, subject to an updated business case, that meets the requirements of the Assurance Framework and approval by this Board.

11.2. An external audit of the A13 widening Project was commissioned by Thurrock Council and completed in September 2019. Whilst the outcome of the Audit has yet to be made available to the Board, in November 2019, it was reported that the initial findings of the external audit report had identified some additional risks to the timescales for the delivery of the Project and the planned completion date was expected to be delayed to the end of May 2021; the latest assessment has revised this position to the road being open for use in Autumn 2021. It was also reported to the Board that the overspend was expected to have increased further, but at that point the value could not be confirmed.

11.3. This report has now confirmed a revised total project cost of £114.675m; this represents a 45% increase over the cost set out in the original business case. Of this amount £62.954m of LGF has been spent up to the end of 2019/20; this represents 54.9% of the revised total project cost.

11.4. In consideration of the approval of the additional £8.942m to the Project to help meet the additional costs, the Board are advised to ensure that they are comfortable that they have sufficient oversight of the risks of the project and that there are adequate plans in place to manage them. This may include:

- assurances that all recommendations of the Project audit that was undertaken are being addressed
- that the risk budget set as a contingency for the Project is sufficient; this has been included as 3% of the total cost of the project and represents 6% of the remaining spend. The ITE has flagged a risk to the value for money for the project, that should the project cost need to be increased further, that the project may no longer be assessed as representing high value for money.
- An assessment of the potential impact of the COVID-19 emergency has not been reflected in the updated Project costs, so it is unclear whether the risk pot will be sufficient to mitigate any further costs arising as a result of the social distancing restrictions. This risk may require further funding to be identified to deliver the project and may detrimentally impact the value for money assessment. It is noted, however, that this risk is being actively managed by the Project team, with a view to mitigating the impact as far as possible, whilst adhering to the Government guidelines.

11.5. It is noted that Thurrock Council's Corporate Director of Finance, Governance and Property has given assurances that the Project will still progress through to completion and that the Council will underwrite any further funding shortfall that arises.

11.6. In considering the recommendation to award funding to this Project, the Board should note that no further LGF can be transferred to the Tilbury Riverside project until the charge is removed, when final third of LGF has been received by the Accountable Body.

11.7. Further, in the event that the LGF allocation for 2020/21 that is subject to review by the MHCLG, is not confirmed for receipt, Thurrock Council will need to bring an update report to the Board to assure the funding position for the Tilbury Riverside project.

11.8. 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.

11.9. 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.

11.10. All LGF is transferred to Thurrock Council 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.

11.11. 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.

12. Legal Implications (Accountable Body comments)

12.1. The proposals set out within this report are governed by an SLA between ECC as Accountable Body and Thurrock Council.

13. Staffing and other resource implications (Accountable Body comments)

14. Equality and Diversity implication

15. Appendices

15.1. Appendix 1 – Total project cost breakdown (confidential appendix)

16. List of Background Papers

16.1. A13 Widening Updated Value for Money Report

(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 Peter Shakespear (On behalf of Nicole Wood, S151 Officer, Essex County Council)	24/06/2020

Forward Plan reference number: FP/AB/281

Report title: Innovation Park Medway Update Report	
Report to Accountability Board on 3rd July 2020	
Report author: Rhiannon Mort SELEP LGF Capital Programme Manager and Jessica Jagpal Senior LGF Programme Co-Ordinator	
Date: 11/06/2020	**For:** Decision
Enquiries to: Rhiannon Mort, Rhiannon.mort@southeastlep.com or	
SELEP Partner Authority affected: Medway Council	

1. Purpose of Report

1.1 The purpose of this report is to provide the Accountability Board (the Board) with an update on the delivery of the Innovation Park Medway project (the Project) and to consider the funding decision in relation to Phase 3 of the Project.

2. Recommendations

2.1. The Board is asked to:

2.1.1. **Note** that the benefit cost ratio is just over the threshold for presenting high value for money at 2.1:1, relative to the 2:1 threshold. If there is any reduction to the scale of benefits, such as through reduced demand for commercial space following a move to increased homeworking, the benefit cost ratio would likely fall below the 2:1 threshold for high value for money.

2.2. Agree one of three options:

Option 1

2.2.1. **Agree** to postpone the award of £1.519m LGF until the next meeting of the Board in September 2020 to enable greater assurance to be provided over the deliverability of the Project (Recommended Option); **or**

Option 2

2.2.2. **Agree** the award of a further £1.519m LGF to the Project subject to:

2.2.2.1. 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;

2.2.2.2. Endorsement of LGF spend beyond the Growth Deal by the Strategic Board;

2.2.2.3. 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;

2.2.3. **Note** that a further decision will be sought from the Strategic Board to determine how the funding should be directed if only part of the final third of LGF, allocated to SELEP in 2020/21, be confirmed by Government; and

2.2.4. **Note** that no LGF will be transferred to Medway Council for the delivery of the Project until the conditions set out in 2.2.2 have been satisfied; **or**

Option 3

2.1.3. **Agree** that the £1.519m LGF should be reallocated to the next project on the LGF pipeline.

3. Executive Summary

3.1. Through the last few Board meetings, the Board has been made aware of the challenges which have come to light in the process of developing and adopting the Local Development Order (LDO) for the Innovation Park Medway (IPM) site.

3.2. Specifically, concerns have been raised by Highways England (HE) about the impact of the Project on the Strategic Road Network. HE's engagement with Medway Council in relation to the Project has improved, and positive discussions have been held to consider the comments which HE raised in response to the consultation on the LDO for Phase 2 of the Project. Table 2 below, sets out milestones to adopt the LDO, and progress made to achieve them to date.

3.3. Phase 1 of the Project is already underway to unlock the land required for the Innovation Park. However, HE's concerns must be addressed and the LDO approved, for the delivery of Phase 2 and Phase 3 of the Project to proceed.

3.4. The Board has previously approved the award of £3.7m LGF to Phase 2. Delivery of phases 2 and 3 of the Project are dependent on adoption of the LDO. Progress towards milestones in order to adopt the LDO are given in section 6 below.

3.5. An additional £1.519m LGF was also prioritised by the Investment Panel to Phase 3 of the Project. This additional funding was allocated by the Investment Panel subject to the Board being satisfied with the deliverability of the Project. As Phase 3 is also dependent on the LDO being adopted, this £1.519m LGF allocation has not yet been awarded to the Project.

3.6. Whilst progress has been made towards identifying the mitigation required to offset the impact of IPM on the Strategic Road Network, there remain a number of hurdles before the LDO can be approved for the delivery of the

Project. This includes formally agreeing the mitigation with Highways England, Kent County Council and identifying funding (approx. £1m - £3m) to deliver the mitigation works to M2 Junction 3.

3.7. In light of the holding objection and the funding issues created by the need to deliver mitigation works to M2 Junction 3, the Board is asked to consider its position in relation to the award of a further £1.519m LGF to the Project.

4. Innovation Park Medway

4.1. The IPM is one of three sites across Kent and Medway which together form the North Kent Enterprise Zone.

4.2. The vision for IPM is to attract high GVA businesses focused on the technology, engineering and knowledge intensive sectors. These businesses will deliver high value jobs in the area and contribute to upskilling the local workforce. This is to be achieved through general employment and the recruitment and training of apprentices including degree-level apprenticeships through collaboration with the Higher Education sector.

4.3. IPM consists of two parcels of land; the northern site is currently part of Rochester Airport and the southern site is south of Innovation Centre Medway and is primarily an unused site, but is currently partially used as an overflow car park for the Innovation Centre.

4.4. A substantial amount of funding has been identified for investment across the IPM site by SELEP through the LGF programme and Growing Places Fund (GPF). A total of £10.269m SELEP funding has been allocated to the Project, as set out in Table 1 below.

Table 1 SELEP funding allocation – Innovation Park Medway

	Status	LGF spend to date (to end of Q1 2020/21) (£m)	Total LGF allocation	% LGF spend to date
Rochester Airport Phase 1	Approved June 2016 (change of scope agreed June 2018)	0.917	4.400	20.84%
Innovation Park Medway Northern Site (Phase 2)	Approved February 2019	0.570	3.700	15.41%
Innovation Park Northern Site	Awaiting approval	0.000	1.519	0.00%
Innovation Park Southern Site GPF loan	Approved September 2018	0.147	0.650	22.62%
Total *		1.634	10.269	15.91%

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

5. Rochester Airport Phase 1

5.1. In June 2016, the Board awarded £4.4m LGF, to the delivery of the Rochester Airport Phase 1 project. This investment will change the configuration of Rochester Airport, whilst also delivering improvements to the airport infrastructure to help safeguard the future of the airport.

5.2. The Rochester Airport Phase 1 enabling works are required to enable the IPM northern site (Phase 2 and 3) and GPF project, at the southern site, to progress. The Phase 1 works both release the land required for development on the northern site and free the southern site from current Civil Aviation Authority flightpath safeguarding restrictions, through the closure of one of the two existing runways.

5.3. Previously, there have been delays to the Project and slippage to spend of LGF. Due to the current COVID-19 pandemic, with contractors on site adhering to strict social distancing measures, completion of Phase 1 of the Project is now expected by December 2020, subject to no further COVID-19 delays, beyond what has already been anticipated. All archaeology field works are now complete.

5.4. To date, £0.912m LGF has been spent on Phase 1 of the Project to the end of Q1 2020/21, of the £4.4m LGF allocation to Phase 1.

5.5. Phase 2 of the Project is dependent on the closure of the second runway as part of the Phase 1 delivery. As the second runway has now been closed, the timing of the start of the Phase 2 works is no longer dependent on the timing of the completion of Phase 1. Therefore, slippage to the completion of Phase 1 will not delay the start of Phase 2 works.

6. Innovation Park Phase 2

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

- access road, with associated footpath, cycle path and public realm improvements;
- lighting and directional signage;
- new drainage piping and soakaways;
- new water main for potable water;
- electricity – ring main and secondary substation;
- gas main provision;
- trenching for and provision of fibre cabling;
- site surveys; and
- associated capital project consultancy.

6.2. The enabling infrastructure will support the delivery of the Masterplan, which has been developed for the IPM site.

6.3. An LDO is being developed for the delivery of the IPM Masterplan.

6.4. Approval of the LDO is subject to statutory consultees' approval. Through the first public consultation on the LDO, concerns were raised by HE and Natural England. HE has an interest in the Project due to the potential traffic impact of the Project on the Strategic Road Network. HE has been working with Medway Council to understand the impact of additional traffic generated by the Project and to determine the need for mitigation.

6.5. At the point of funding approval in February 2019, it was expected that the LDO would be approved by July 2019, infrastructure works would start on site in September 2019 and the Phase 2 Project would complete in December 2020. The update to the Board in February 2020, set out the updated milestones and timescales for Phase 2; these have been updated to the current position in Table 2 below. The LDO is expected to be adopted by October 2020, infrastructure works are to begin in December 2020, with completion by December 2021, subject to no further COVID-19 related delays beyond what has already been anticipated.

6.6. To address the concerns raised by HE, transport modelling work has been completed to assess the impact of IPM on the Strategic Road Network, the immediate local junctions and to identify the required mitigation. HE has indicated that the identified mitigation is acceptable in principle, but the following actions will be required prior to the LDO being adopted:
- Design of mitigation and Road Safety Audit;
- Further transport modelling work refinement;
- Agree mitigation with HE and Kent County Council;
- Identify funding package to deliver mitigation; and
- Further stage of public consultation.

6.7. The mitigation work, to increase the capacity of M2 Junction 3, will require approval from HE and Kent County Council (KCC), as the junction itself is located in Kent. The new statutory consultee comments mean that a further stage of public consultation will be required prior to the LDO being adopted.

6.8. The requirement for mitigation works to be delivered, to offset the traffic impact of the Project on the Strategic Road Network, increases the project deliverability risk. The potential cost of the mitigation works have not yet been confirmed, however, as this mitigation does not include the requirement for significant amendments to M2 Junction 3, cost for mitigation is likely to be in the range of £1m to £3m. Options for funding the required mitigation are being investigated through the LDO and through the Local Plan, and/or through borrowing against capital receipts and business rates reinvestment from the site.

6.9. The costs involved in offsetting the impact of the IPM through the improvements at M2 Junction 3, will likely reduce the value for money achieved across the Innovation Park Medway site as a whole. Much of the investment at the IPM site being funded through SELEP as set out in table 1 above, and as such, this could reduce the value for money presented though the public sector investment in the Project as a whole.

6.10. The BCR value for phase 2 is 2.6:1 and 2.1:1 for phase 3. Sharing the cost of the M2 Junction 3 improvements across the various phases of development could result in SELEP's investment falling below 2:1 threshold as the benefits of the IPM will remain constant but the total cost of public sector investment in the site could increase.

6.11. In parallel, conversations also continue with KCC given the proximity to the authority boundary (all key junctions are within KCC authority) and the potential schemes required for the junctions surrounding Blue Bell Hill, as a result of the Lower Thames Crossing. It should be noted that the traffic modelling to support the emerging Local Plan will supersede the traffic modelling to support the Project; a more substantial scheme may be required for which IPM may need to make a proportionate contribution towards. Any substantial scheme is likely to be funded (at least in part) by developer contributions for new housing across Medway. This work, to look at an alternative scheme, is underway and Medway Council continues to work with HE, including the Lower Thames Crossing Team, and KCC to explore these options.

6.12. The implications of the work to consider a wider scheme at M2 Junction 3, in light of the impact of the Lower Thames Crossing on the junction is not expected to slow the approval of the LDO. Instead, it is expected that the consideration of the larger scale option will be reached prior to the development of the IPM mitigation scheme being delivered. If the larger scheme proceeds, it is expected that the IPM project will provide a financial contribution towards the wider scheme, through its planning obligations.

6.13. As per the milestones set out in Table 2 below, and the previous February 2020 update to the Board, it is expected that the LDO will be adopted in October 2020. Due to COVID-19 related delays, the completion of the Phase 2 and Phase 3 of the Project will extend until December 2021. It is therefore now expected that £1.23m on Phase 2 and £0.119m on Phase 3 LGF spend will extend beyond the Growth Deal period; ending on 31 March 2021.

6.14. The spend of LGF beyond the Growth Deal period was considered by the January 2020 SELEP Strategic Board. The Strategic Board have sought further reassurances around the deliverability of the Project and have asked for a further update to be provided to the Strategic Board prior to LGF spend being endorsed beyond the Growth Deal for the Project. This update will be provided to the Strategic Board at its next meeting in October 2020.

6.15. Medway Council are also working with Natural England to address their comments on the LDO. The Council will ensure buildings are sensitively designed to minimise impact on the AONB. Natural England have raised queries on evidence and reporting in relation to the LDO, and the Council have provided responses and clarifications. Further transport modelling was undertaken and as a result another air quality assessment was required. This is currently being worked on and will be provided to Natural England.

Table 2 Phase 2 and 3 Project Milestones to adopt LDO

Steps to be taken (timescale subject to statutory authorities' engagement and agreement):	Timescales (as reported in February 2020)	Updated Timescales (estimated)
Modelling scenarios undertaken by consultants: 1. Baseline - current baseline scenario **without** proposed development across the borough or the IPM. 2. Baseline + growth - baseline plus all proposed development across the borough. This will be used to determine the impact of the IPM and help identify the necessary mitigation. 3. Baseline + growth + Mitigation – baseline plus all proposed development across the borough, assuming implemented mitigation for the impact of the IPM.	February to mid/end of March 2020	February to end of March 2020
HE comments on modelling results.	-	April to May 2020
Assess and agree final mitigation design with statutory authorities based on modelling. This includes identifying the funding to deliver the mitigation works.	April to end of May 2020	June - July 2020
Amendments to LDO documentation and any further modelling required based on mitigation discussions.	June 2020	August 2020
LDO updated public consultation.	July 2020	August-September2020
Amendments to LDO if needed based on updated public consultation.	Early August 2020	Mid-September 2020
Medway Council/TMBC approvals.	Late August into September 2020	Late-September 2020
Adoption of LDO (Medway Council and TMBC)	October 2020	October 2020
Design of infrastructure and utility works	April 2019 to May 2020	April 2019 to August 2020
Tender and appointment process for works contractor	June 2020 to November 2020	August to October 2020
Mobilisation and delivery	November 2020 to July 2021	December 2020-December 2021

7. Next steps for Phases 2 and 3 of the Project

7.1. At the Strategic Board meeting on 17 April 2020, it was agreed that the Growth Deal period should be extended to 30 September 2021 to provide flexibility to those projects impacted by project delays related to COVID-19.

7.2. The delivery of Phase 2 and Phase 3 of the Project is dependent on the LDO being approved. The delay in approving the LDO for the development means that it is no longer feasible to spend the full £3.7m LGF allocation to Phase 2 by the end of the Growth Deal period or within the six-month extension. Completion for Phase 2 and Phase 3 is expected by December 2021. The Phase 2 Project must therefore demonstrate that it meets the following five conditions for LGF spend beyond 30 September 2021:

- 2.2.1. A clear delivery plan with specific delivery milestones and completion date to be agreed by the Board;
- 2.2.2. A direct link to the delivery of jobs, homes or improved skills levels within the SELEP area;
- 2.2.3. All funding sources identified to enable the delivery of the project. Written commitment will be sought from the respective project delivery partner to confirm that the funding sources are in place to deliver the project beyond the Growth Deal;
- 2.2.4. Endorsement from the SELEP Strategic Board that the funding should be retained against the project beyond 30th September 2021; and
- 2.2.5. Contractual commitments being in place with construction contractors by 30th September 2021 for the delivery of the project.

7.3. When the Board considered the Project at its last meeting in February 2020 it was agreed that at the Board meeting on the 3rd July 2020, Medway Council must:

- 7.3.3.1. demonstrate how the Phase 2 and Phase 3 Project meets the five conditions set out in 7.2; and
- 7.3.3.2. provide evidence that satisfactory progress has been made towards meeting the Project milestones, set out in Table 2 below.
- 7.3.3.3. Provide an update on the mitigation sought by Highways England and the extent to which this will impact the overall deliverability of the Project, as set out in section 6.

7.4. In providing evidence that the full funding package is in place, is it expected that this evidence will include the funding to deliver the infrastructure works, set out in the Phase 2 business case and the cost of any additional works required to mitigate the impact of the development, as agreed with HE and Kent County Council.

Table 3 – Conditions for Innovation Park Phase 2 and 3 to proceed (as agreed in February 2020).

Condition	How has the condition been met? (Update from Medway Council)

A clear delivery plan with specific delivery milestones and completion date to be agreed by the Board.	The programme and milestones detailed in Table 2 above, show a clear delivery plan, with completion expected by December 2021. This timescale remains subject to engagement with Highways England, Natural England, and wider COVID-19 related delays.
A direct link to the delivery of jobs, homes or improved skill levels within the SELEP area	A direct link to jobs is set out in the IPM LGF3b business case. 'The vision: Well-located with good transport links, Innovation Park Medway will attract high Gross Value Added (GVA) businesses focused on technology, engineering and knowledge-intensive sectors. These businesses will create high value jobs and upskill the local workforce through high quality training and apprenticeships.'. The output of 3,000 high GVA jobs across the IPM site remains deliverable.
All funding sources identified to enable the delivery of the project. Written commitment will be sought from the respective project delivery partner to confirm that the funding sources are in place to delivery the project beyond the Growth Deal	The infrastructure in Phase 2 and Phase 3 will be funded through LGF and Council match funding. A Delivery and Investment Plan commitment to the Council match funding was adopted by Medway Council's Cabinet in June and Council in July 2019. Medway Council is not currently in a position to confirm how the mitigation works will be funded, but it is expected that the funding package will be agreed by the end of July 2020.
Endorsement from the SELEP Strategic Board that the funding should be retained against the project beyond 30th September 2021	Endorsement for spend beyond 30 September 2021 to December 2021 (expected completion) is required.
Contractual commitments being in place with construction contractors by 30th September 2021 for the delivery of the project	Phase 1 is already in contract and underway. The programme for Phase 2 and Phase 3 shows appointment of a contractor by October 2020, with completion expected by December 2021; subject to engagement with HE, NE and wider COVID-19 related delays.
Provide evidence that satisfactory progress has been made towards meeting the Project milestones,	The modelling for HE is nearing completion and mitigation design is in

	progress, along with the Road Safety Audit. Highways England has provided a further email of support, to detail commitment to the Project, as set out in Appendix 1.
Provide an update on the mitigation sought by Highways England and the extent to which this will impact the overall deliverability of the Project	The mitigation sought by HE is progressing, as set out in section 6. As per Appendix 1, HE has provided an email which details progress on mitigation to date.

7.5. In November 2019, the Board resolved that they did not wish to put LGF spend on the Phase 2 project on hold until the LDO had been agreed, but the Board noted the risk to Medway Council of abortive LGF spend on the Phase 2 project, if the LDO is not approved to enable the delivery of the Project.

7.6. The grant conditions from central Government strictly specify that the LGF must be spent on capital expenditure in delivering the Project. If LGF spend on the Project becomes an abortive revenue cost, this must be repaid to SELEP by Medway Council under the terms of the Service Level Agreement with the SELEP Accountable Body (Essex County Council).

7.7. Under the terms of the SLA, the Board is also required to approve any changes to the Project. As such, if any changes are made to the scope of the Phase 2 project as a result of amendments to the Masterplan and LDO, these changes must be agreed by the Board.

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

8.1. A further £1.519m has been sought by Medway Council through the LGF3b process. This funding was allocated by the Investment Panel, subject to the Board being satisfied that the delivery concerns raised by the Independent Technical Evaluator (ITE) through the LGF3b process could be satisfied.

8.2. Phase 3 seeks to deliver enabling works on a wider section of the northern site of the Innovation Park. This aims to allow accelerated development of commercial space and to maximise the number of businesses who can benefit from establishing themselves within the North Kent Enterprise Zone.

8.3. Phase 3 is expected to deliver the following outputs:

- Extended access road/footpath, lighting and signage;
- Utility infrastructure including electricity, gas, fibre trenching, water and drainage;
- Primary substation; and
- Secondary substations as required.

8.4. Phase 3 is expected to bring forward 38,500m^2 (gross external area) of commercial workspace and 1,300 highly skilled jobs in the engineering and technology sector. This is in addition to the jobs which will be delivered as a result of the LGF2 funded Innovation Park Medway (northern site) – Enabling Infrastructure project.

8.5. Medway Council have prepared a Business Case, which has been considered by the ITE. However, the Phase 3 Project is impacted by the same issues as Phase 2 and the delivery of the Project cannot proceed until the LDO has been approved.

8.6. The LDO is now not expected to be agreed until at least October 2020 and there remain a number of milestones to be achieved as set out in Table 2, prior to Phase 2 and 3 being able to proceed. These activities create a deliverability risk as the scale and cost of the mitigation works have not yet been confirmed.

8.7. The Phase 3 allocation was prioritised by the Investment Panel on the condition that the deliverability issues could be resolved, and the Project would progress to delivery within the Growth Deal period, however, assurances can no longer be provided to the Board that this condition has been satisfied.

9. COVID-19 impact on the Project

9.1. The current COVID-19 pandemic will influence the way IPM is delivered. The delay to delivery of Phase 2 of the Project, presents the opportunity to consider the changing market and the potential impacts of COVID-19 on both the commercial space and across the site as a whole, to influence design of the site and to make amendments to the Project.

9.2. The following opportunities and benefits have been identified by Medway Council to date:

- A proportion of the site allocation is for B2 uses such as advanced manufacturing and engineering. This is not a use that could solely move towards increased homeworking, and there will therefore still be a demand for physical space.
- Increased homeworking in B1 office uses could enable more jobs to be delivered through the IPM site. If a larger proportion of staff at each business across the site move towards homeworking, a larger number of jobs could be enabled within a smaller floorspace. This also has environmental/transport benefits as trips could reduce as a result of increased homeworking.
- Consultants working on the design of the gateway building at IPM have identified opportunities for changing work environments to suit the post-COVID-19 office workspace. This could include ‘touchless’ facilities, segregated ventilation, etc. which is not readily available in the market currently. This gives IPM an advantage over sites that have already begun to come forward pre-COVID-19, as IPM could deliver fit for purpose space in the post-COVID19 working environment.

There has been a delay of 6-8 weeks on Phase 2 and Phase 3 of the Project, in ground investigation testing and surveys, as well as longer than usual responses from utilities companies, due to the COVID-19 pandemic. The programme has been updated to reflect anticipated further delays, however the extent of which cannot be known at this stage, as the pandemic is ongoing. The programme will continue to be closely monitored to mitigate against the impact of COVID-19 where possible.

10. Outcome of ITE assessment

10.1 The updated business case has been reviewed by the ITE has been assessed as presenting high value for money but with low certainty of this being achieved.

10.2 A thorough and robust economic appraisal has been undertaken considering the land value uplift impacts of the scheme in line with Ministry for Homes, Communities and Local Government's Appraisal Guidance. Appropriate and reasonable assumptions have been made and this analysis shows that the scheme is categorised as high value for money.

10.3 The BCR for the scheme is 2.1:1 and therefore the value for money categorisation will be very sensitive to any net downside risks, should project costs increase or the expected scale of benefits not be realised.

10.4 Moreover, sensitivity testing has not been undertaken to reflect the potential for reduced demand for the facility, and the impact this might have on the value for money, following COVID-19 and the increase in home working.

10.5 It is also noted that Highways England have a holding objection on the Innovation Park Medway Masterplan and there are outstanding areas of discussion around this. The business case has provided assurance that these discussions are taking place but has given no confirmation on when the holding objection will be lifted.

11. Options available

11.1. In light of the latest position of the Project, three options are presented to the Board for consideration.

<u>Option 1</u>

11.2. **Agree** to postpone the award of £1,518,500 LGF until the next meeting of the Board in September 2020 to enable greater assurance to be provided over the deliverability of the Project (Recommended Option).

11.3. Under option 1, it is proposed that the award of funding is delayed until the scope of the mitigation works to M2 Junction 3 has been agreed with Highways England and Kent County Council and a funding package has been identified to deliver the mitigation works.

11.4. A delay to the funding decision is not expected to impact the delivery timescales for the Project, as the Project remains dependent upon the approval of the LDO to proceed.

Option 2

11.5. **Agree** the award of a further £1,518,500 LGF to the Project subject to:

11.5.3. 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;

11.5.4. Endorsement of LGF spend beyond the Growth Deal by the Strategic Board;

11.5.5. 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.

11.6. Under Option 2, there remain conditions which need to be resolved before the Project is able to proceed. As the conditions to the funding award are unlikely to be satisfied in full before the next Board meeting, there are no overwhelming merit of approving option 2 relative to option 1. Agreeing option 1 would provide the Board greater assurance over the delivery of the Project at the point of the funding decision being made.

Option 3

11.6.3. **Agree** that the £1,518,500 LGF should be reallocated to the next project on the LGF pipeline.

11.6.4. The phase 3 project was prioritised by the Investment Panel subject to Medway Council demonstrating to the Board that there were no deliverability concerns for the Project. As set out within the report, there remains a risk to the project as the LDO has not yet been approved and a funding gap of between £1m - £3m has been identified through the need to deliver improvement to M2 Junction 3. As such, the Board may wish to agree that the LGF should be reallocated to the next project on the LGF pipeline.

12. Project Compliance with SELEP Assurance Framework

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

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

Requirement of the Assurance Framework to approve the project	Compliance (RAG Rating)	Evidence in the Business Case
A clear rationale for the interventions linked with the strategic objectives identified in the Strategic Economic Plan	Green	The Business Case provides clear justification for the Project which supports local, regional and national policy, and a strong alignment with the policy objectives.
Clearly defined outputs and anticipated outcomes, with clear additionality, ensuring that factors such as displacement and deadweight have been taken into account	Amber	The expected project outputs and outcomes are set out in the Business Case. A thorough and robust economic appraisal has been undertaken considering the land value uplift impacts of the scheme in line with Ministry for Homes, Communities and Local Government's Appraisal Guidance. There is a risk to the realisation of the Project benefits as a result of COVID-19 impacting the demand for commercial space.
Considers deliverability and risks appropriately, along with appropriate mitigating action (the costs of which must be clearly understood)	Amber	A quantified risk assessment has been provided which provides itemised mitigation measures. As per section 6 above, there remains a delivery risk due to the need to address HEs and Natural England concerns before the LDO can be approved for the delivery of Phases 2 & 3.
A Benefit Cost Ratio of at least 2:1 or comply with one of the two Value for Money exemptions	Amber	A BCR of 2.1:1 has been identified, providing 'high' value for money. However, as set out within sections 6.10 and 10, there are risks to value for money being achieved due to remaining deliverability issues and the increased cost of infrastructure works to enable the IPM site to proceed.

13. Financial Implications (Accountable Body comments)

13.1. There remain continued significant delays in the delivery of the initial phases of this Project and this update confirms the risk raised in previous reports to the Board that the Project is now forecast to complete beyond the Growth Deal period, in December 2021. Further, the timelines set out in Table 2 above provide limited scope for slippage to meet this revised completion date.

13.2. The Board is advised to keep under review the delivery progress of this Project and to take this into account with regard to any further funding decisions made.

13.3. The potential requirement for mitigation works to be delivered, to offset the traffic impact of the Project on the Strategic Road Network, increases the overall project deliverability risk. The scope and potential cost of the mitigation works have not yet been confirmed. It is therefore unclear whether these potential works can be delivered within the available Project budget or if additional funding sources will need to be identified prior to the Project being in a position to proceed. Should an increase in the Project Budget be identified as a result of the mitigation works, a reassessment of VFM may be required by the ITE, alongside confirmation of the funding package.

13.4. Should these risks be insurmountable and Phase 2 of the Project unable to be addressed, then LGF spend on the Project may become an abortive revenue cost; in this circumstance, the LGF must be repaid by Medway Council under the terms of the Service Level Agreement with the Accountable Body. At the Board meeting on the 15th November 2019, Medway Council acknowledged and agreed to this risk, which was noted by the Board.

13.5. In considering the recommendation to award funding to this Project, the Board should note that no funding for new projects can be allocated until the final third of LGF has been received.

13.6. Further, in the event that the LGF allocation for 2020/21 that is subject to review by the MHCLG, is not confirmed for receipt, the Board will need to ensure that it does not approve funding in excess of the total value to be received.

13.7. 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.

13.8. 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.

13.9. All LGF is transferred to Medway Council 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.

13.10. 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.

14. Legal Implications (Accountable Body comments)

14.1. The legal implications of the report vary depending on the option agreed by the Board.

14.2. Under Option 1, there are no legal implications that arise;

14.3. Under Option 2, the allocation will be released to Kent County Council in accordance with the terms and conditions of the Service Level Agreement (SLA) already in place. It will be the responsibility of Kent County Council to ensure that there is a satisfactory back to back agreements in place, ensuring that the conditions of the SLA formulate the basis of any agreement put in place;

14.4. Under Option 3, The SLA between ECC, as Accountable Body, and Kent County Council will govern the arrangements between the parties and the recommendations set out in this report are in line with the conditions of the agreement, which permits the reallocation of funding where there are changes to a project.

15. Equality and Diversity implication

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

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

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

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

16. List of Appendices

16.1. Appendix 1 - Update from Highways England

17. List of Background Papers

17.1. Business Case for the Rochester Airport (Phase 1)
17.2. Business Case for the Innovation Park Medway (Phase 2)
17.3. Business Case for Innovation Park Medway (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)

Role	Date
Accountable Body sign off Peter Shakespear (On behalf of Nicole Wood, S151 Officer, Essex County Council)	24/06/2020

Appendix 1 – Update email from Highways England

“Highways England are pleased to write to the South East Local Enterprise Partnership to update on ongoing work with Medway Council in relation to the Local Development Order (LDO) for Innovation Park Medway (IPM).

“As a statutory consultee, we remain committed to ongoing, partnership working with Medway with the aim of delivering their growth plans. We have been working with Medway Council on its emerging Local Plan since 2016 and its IPM proposal since 2017. We recognise the importance of the Local Plan and the part that IPM, as a flagship economic development project within the North Kent Enterprise Zone, will play.

“We have had regular contact and engagement with Medway Council in order to achieve the necessary steps to adopt the LDO. The appropriate resource has been allocated to ensure timescales can be adhered to.

“In my email dated 10 February 2020, I set out the progress made concerning the traffic modelling requirements; I can report that further progress has been made since February.

“Medway Council presented the initial IPM traffic modelling results, along with the initial designs to mitigate the impacts, during a virtual meeting on 2 April. The initial designs appear to be acceptable in principle; however, this is subject to the normal process of further traffic modelling refinements, including the need to demonstrate the impact on M20 J6. These technical matters will be discussed between HE’s and Medway Council’s respective consultants during the week commencing 15 June.

“Once the IPM impacts have been identified, we will work with Medway Council to agree mitigation, including sustainable transport measures. The initial designs are being developed to the appropriate level of detail to enable the statutorily required road safety and non-motorised user audits to progress. HE will work with Medway Council to agree the design, cost, funding sources, governance, timing and delivery of the mitigation. The LDO may also be subject to planning conditions to address the residual cumulative impacts of development. HE will continue to provide the necessary guidance and support to Medway Council for this work.

“HE are aware of the pressures on the local and wider road networks and are in dialogue with both Medway Council and Kent County Council. HE held the most recent discussion with Medway Council on 9 June to clarify the timetable for the wider Local Plan traffic modelling and the need to take account of the proposed Lower Thames Crossing. It should be noted that the wider Local Plan traffic modelling will supersede the traffic modelling to support the proposed LDO. As a result a more substantial scheme may be required for which IPM may need to make a proportionate contribution towards. Any substantial scheme is likely to be funded (at least in part) by future developer contributions for new housing across Medway. This work is underway and HE continues to work with both Medway Council and Kent County Council.

“HE aims to work with all parties and communities to help to reduce the need to travel by car, improve accessibility by all modes and encourage modal shift; as well as seeking to reduce the environmental impacts (air quality, noise, etc.) of travel. I would like to reiterate that we welcome Medway's ambitions regarding making IPM a sustainability exemplar and see no reason why the requirements and aspirations of both Medway Council and Highways England cannot be achieved".

Forward Plan reference number: FP/AB/277

Report title: East Malling Advanced Technology Horticultural Zone LGF Funding Decision	
Report to Accountability Board on 3rd July 2020	
Report author: Helen Dyer, SELEP Capital Programme Officer	
Date: 16 June 2020	**For:** Decision
Enquiries to: helen.dyer@southeastlep.com	
SELEP Partner Authority affected: Kent and Medway	

1. Purpose of Report

1.1 The purpose of this report is for the Accountability Board (the Board) to consider the award of £1.75m Local Growth Fund (LGF) to the East Malling Advanced Technology Horticultural Zone project (the Project) in East Malling, Kent.

1.2 The full Business Case has now been developed and has been considered through the Independent Technical Evaluation (ITE) process. The ITE assessment confirms that the Project presents high value for money with medium/low certainty of achieving this.

1.3 This project is an integral component of the strategic masterplan for the development of the Innovation Campus at the National Institute of Agricultural Botany East Malling Research station (NIAB EMR). LGF funding is requested to support the construction phase of this project which will see the installation of new utility services to the site and construction of a low-carbon energy centre and 1,200m2 of new state-of-the-art glasshouses.

1.4 To date, the Project has progressed to the stage of having been granted full planning permission. This project development work has been funded by the East Malling Trust.

1.5 East Malling Trust are to fund the remaining costs of the construction phase through land sales for residential development. However, there is a risk that the East Malling Trust fail to complete the necessary land sales to generate these matched funds or the receipts from land sales are less than required. The recent approval of planning consent for one plot destined to residential development helps to mitigate this risk and assurance is provided that East Malling Trust can secure a commercial loan against the Estate's assets to bridge a potential funding gap.

1.6 The Project will create infrastructure, services and high-tech plant growing facilities, generating additional research and development spend in the region, creating 14 new knowledge-based and highly skilled jobs and safeguarding 40 jobs at NIAB EMR.

2. Recommendations

2.1. The Board is asked to:

2.1.1. **Approve** the award of £1,683,600 LGF to the delivery of the Project which has been assessed as presenting high value for money with medium/low certainty of achieving this, subject to:

2.1.1.1. receipt of written confirmation being received by SELEP Secretariat to confirm that match funding has been secured either through land sales at the required price or through confirmation that of a commercial loan as a viable alternative to enable delivery of the Project; and

2.1.1.2. confirmation that the Project can be delivered with the £1,683,600 LGF currently unallocated, relative to the £1.75m LGF sought through the application for funding.

If the amount of unallocated LGF increases to £1.75m, or higher, through previous agenda items, the Board will be asked to award the full £1.75m LGF sought for the Project.

2.1.1.3. **=**

2.1.2. **Agree** to place a £1,683,600 notional charge over the Thanet Parkway project to enable the transfer of funding to the Project prior to confirmation from MHCLG of the final third of the 2020/21 LGF allocation

2.1.3. **Note** that no LGF will be transferred for the delivery of the Project until the conditions set out in 2.1.1 have been satisfied

Note that: if the final third of LGF funding is received in full, that the charge will be removed from the Thanet Parkway project and the project will receive the agreed £14m LGF allocation in full; a further decision will be sought from the Strategic Board to determine how the funding should be directed if only part of the final third of LGF, allocated to SELEP in 2020/21, be confirmed by Central Government; if no further LGF funding is received from MHCLG, that the LGF allocation for the Thanet Parkway project will reduce by £1,683,600and that Kent County Council will need to take steps to seek alternative funding sources to enable delivery of the project.

3. Background

3.1. The Project was agreed to be added to the pipeline with a notional allocation of £1.75m LGF to support the East Malling Advanced Technology Horticultural Zone project, which would provide the new infrastructure (utility services, drainage, groundworks) and construction of a new energy centre to meet the needs of the Zone, supporting delivery of a cutting-edge Innovation Campus for horticulture in Kent.

3.2. As set out within the capital programme report, SELEP is awaiting confirmation from MHCLG of the final third of LGF, £25.958m, which has been allocated to SELEP in 2020/21 but has not yet been confirmed.

3.3. Subject to the remaining third of LGF funding being confirmed, there is currently £1,683,600 of LGF unallocated available to fund projects in the approved pipeline. As one of those pipeline projects, the East Malling Advanced Technology Horticultural Zone would receive funding when it becomes available.

It was agreed at the last meeting of the Strategic Board on 12 June 2020, that the Project could come forward for approval by Accountability Board despite sitting in the second position on the prioritised pipeline. This was because Project is able to progress at a faster pace than the scheme in first position.

3.4. The Capital Programme report makes clear that the Board cannot award more funding to projects than has been confirmed by Central Government. However, the Strategic Board has agreed that new funding awards can be made by the Board, if the relevant sponsoring Local Authority can identify an alternative existing LGF project to accept a charge, equivalent to the value of the new project, until the final third of funding is confirmed by Central Government.

3.5. KCC indicated that they wish this Project to proceed ahead of the confirmation on the payment of the final third of LGF grant and has agreed to accept a £1,683,600m LGF charge against Thanet Parkway as the LGF spend extends beyond the Growth Deal period. This in addition to the £4m notional charge suggested for the Kent and Medway Medical School project (considered under agenda item 12) and the £300,000 notional charge suggested for the Kent Strategic Congestion Management Programme (considered under agenda item 10), therefore, if agreed, a total charge of £5.984m would be held over the Thanet Parkway project.

3.6. It is expected that a decision will be received from MHCLG regarding the final third of the LGF funding by September 2020. The current delivery programme for the Thanet Parkway project indicates that planning consent is not due to be determined until August 2020 and therefore a charge against the project, until September 2020, is not expected to result in any substantial delays to the delivery of the project. However, if the final third of LGF is not confirmed by MHCLG, the reduced LGF allocation to Thanet Parkway will likely create a funding gap and will impact Kent County Council’s ability to deliver the project, unless alternative funding sources can be identified.

3.7.

4. East Malling Advanced Technology Horticultural Zone (the Project)

4.1. NIAB EMR in partnership with the East Malling Trust proposes to develop an Advanced Technology Horticultural Zone at East Malling, which would be the first step towards delivering the vision of a cutting-edge Innovation Campus for horticulture in Kent.

4.2. This campus will secure the long-term delivery of world-class research, innovation and knowledge exchange for the UK horticultural industry. This project will create infrastructure, services and high-tech plant growing facilities which will generate upwards of £570,000 per annum in additional R&D spend in the region, creating 14 new knowledge-based and highly skilled jobs in addition to safeguarding 40 jobs at NIAB EMR. The project will also achieve significant direct private sector leverage of £3.193m through the sale of land released for the development of 410 houses (achieving a BCR of 2.61:1 in direct economic benefits).

4.3. The LGF investment will help reduce the funding risk and therefore unlock the private sector investment needed to deliver the further R&D facilities. The Project will also facilitate the development of the wider Innovation Campus at East Malling and contribute to the economic growth and skills agenda of the Kent and Medway region stimulating demand for the provision of high quality training and 150 new jobs in the horticulture sector, in addition to those jobs provided at East Malling Research facility.

4.4. This Project will specifically provide the new infrastructure that is required for the Advanced Technology Horticultural Zone (utility services, drainage, groundworks) and see the construction of a new energy centre that will meet the needs of the Zone. It will also provide the first state-of-the-art glasshouses. The project will use advanced greenhouse designs which will host high-tech imaging, robotics, precision irrigation rigs, LED lighting and CO2 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.

4.5. Accelerating investment at East Malling will ensure that NIAB EMR and its partners remain at the cutting edge of research and innovation and are able to secure future public and private sector funding. Access to the most advanced facilities is essential to attract and retain high-calibre staff, provide the 'know-how' that is needed by industry to deliver sustainable growth and productivity gains, and ensure that Kent and Medway remains a world-class leader in horticultural innovation and drives the sector to enhance the provision of fresh produce.

4.6. The project will address current constraints relating to NIAB EMR's ability to continue to provide independent research and innovation to support the sector in the long-term. These constraints include:

4.6.1. lack of plant growing space;
4.6.2. ageing facilities that fail to meet current standards for energy efficiency; and

4.6.3. a lack of the infrastructure needed to support the deployment of cutting-edge technologies that will increase productivity and support adoption of sustainable production methods.

4.7. This means that attracting funding will become increasingly difficult and NIAB EMR's ability to provide the research and development and knowledge exchange support to the UK industry will diminish. Capacity for other agriculture businesses in the region to conduct research and development, innovation and commercialisation will also be limited by these constraints.

4.8. Other economic benefits arising from the expanded and enhanced facilities include the ability of NIAB EMR to undertake cutting edge research, innovation and Knowledge Exchange in support of the UK's horticultural sector. This will result in:

4.8.1. Increased ability to attract public grants and funding for research, innovation and knowledge exchange activities. This is estimated at £420k per annum, a total of £1.68m over 4 years.

4.8.2. Increased private sector work commissioned in state-of the-art facilities, as a result of the increased capacity available for other businesses to conduct research, innovation and commercialisation activities. This is estimated at £150k per annum, a total of £600k over 4 years.

4.8.3. Increased dissemination of best practice knowledge exchange and skills development for the wider horticultural industry, which in turn increases demand for the provision of high-quality training in the region (100 trainees) and creates 150 new jobs across the sector, that help to off-set the predicted decline of 400 jobs in the sector (Kent & Medway Workforce Skills evidence base, 2015).

5. Project risks and constraints

5.1. There are no significant social or environmental constraints that impact on the suitability and deliverability of the Preferred Option.

5.2. Planning approval for the Horticulture Zone was also granted in 2019 removing a potential legal constraint.

5.3. The main financial constraint, other than the need to secure LGF grant funding, is the delays in the necessary land sales for residential development to generate the funds to support the construction phase of the project. As per the recommendations of the report, written confirmation is sought to confirm the availability of match funding to deliver the Project prior to LGF being transferred for the delivery of the Project.

5.4. Planning permission is required for 410 residential houses in the Borough of Tonbridge and Malling. Grant of planning permission will maximise the value of the land sales, the receipts of which, will be used to fund this project. To date planning has been granted for 1 of the 2 sites (110 units). This site went to market in March but has subsequently been withdrawn due to the COVID-19 situation. Site 2 has no holding objections and is due to go to Planning Committee with a recommendation for approval. This has also been impacted by COVID-19 but is now likely to go to Planning Committee in June or July 2020. The marketing of site 1 is likely to be re-launched in September 2020.

6. Impact of COVID-19 on Project

6.1. Following the escalation of the Covid-19 situation project leads have further considered the risk caused by Covid-19. The impact for this project is in line with what has been reported elsewhere.

6.2. Contractors are now back on site and working in line with guidelines on social distancing. As a known risk, the implementation of social distancing will be factored into programmes.

6.3. There remains a risk of further national shutdowns and in such as case there would likely be an impact on the completion date and potentially supply chains.

6.4. Supply chains are generally returning to normal but there does remain a risk if there is a future lockdown that impacts quarries and furnaces.

7. Options

7.1. Through the development of the Project, consideration has been given to the different options available for the future of the East Malling Estate. These options were assessed by the East Malling Trust with the help of experienced professionals (architects, QS and engineers) and are considered within the Business Case.

7.2. Set against the various challenges and opportunities presented earlier, many of the options identified were considered unsuitable or unacceptable, either being considered as unaffordable, too slow and time consuming, or would potentially become a major distraction from delivering urgently needed research activity at such a critical time in the UK’s drive to improve productivity. In addition, many of the options did not provide the improved sustainability that the East Malling Research Station requires for the future.

7.3. A key intention of the NIAB Group is to develop their sites and bring other organisations and companies onto their sites to co-invest and collaborate. Such an approach, in building strategic alliances, has the capacity to extend the organisation’s reach, profile and scale. This approach has been developed extensively by NIAB in Cambridge and has also been an integral part of the East Malling site activities over many years.

7.4. On this basis three options were considered further, which were:

7.4.1. Option 3. Add new buildings and plant growing facilities to the existing campus at East Malling, working around the existing buildings;

7.4.2. Option 4. Develop a site Master Plan to re-provide business critical scientific facilities but not consider the non-science and cultural facilities;

7.4.3. Option 5. Embark on a site Master Plan exercise that considers the whole of the estate but attempts to integrate the different functions, in a phased approach to development.

7.5. Option 5, a site Master Plan exercise that considers the whole of the estate but attempts to integrate the different functions, in a phased approach to development, was identified as the preferred option for further development. The professionals team including an architect firm, the East Malling Trust and NIAB EMR staff evaluated a range of layouts and phasing strategies that have been captured in a Master Plan for the development of the EMT Innovation Campus. Initial development studies considered radial, linear and centric designs; working with the site's specific physical characteristics, access constraints, and its natural and cultural assets. A radial alignment expanding from existing core was selected as being the most appropriate.

7.6. The first phase of this master plan is the project proposed here, the relocation and development of state-of-the-art plant growing facilities at the East Malling site in a new Horticultural Zone. This phase of the Project is due to complete in May 2021.

7.7. East Malling Trust and NIAB EMR have carried out a qualitative assessment of three scenarios – Business As Usual (BAU, the counterfactual scenario), the "preferred option" and the "fully enabled option"– to enable them to make a statement concerning the Value for Money rationale.

7.8. They have also carried out a Benefit to Cost Ratio (BCR) analysis of the direct benefits (Outcomes) of the "preferred option". This focused the assessment on the direct benefits (Outcomes) of the project:

7.8.1. Creation of 14 new jobs (at a typical GVA/per job of £40k, with the assumption of a 10% leakage and 10% displacement).

7.8.2. Investment of public sector grant funding at £420k p/a.

7.8.3. Investment of the private sector at £150k p/a.

7.9. Over an assessment period of 10 years (from 2022-2032) the BCR analysis at a typical annual discount rate of 3.5% results in a BCR of 2.61:1. This analysis also assumed a ramp-up of these outcomes that will see the full realisation of the benefits in 2025.

8. Project Cost and Funding

8.1. The total project value is £5,043,300 as set out in Table 1 below.

8.2. This will be funded through three funding sources – East Malling Trust (EMT), NIAB EMR and the LGF grant. The split by funding source is shown below in the Table 1 along with comments on the flexibility of the profile and key constraints or dependencies.

Table 1 – East Malling Advanced Technology Horticultural Zone Funding Profile (£)

	Up to 2018/19 (£)	2019/20 (£)	2020/21 (£)	2021/22 (£)	**Total (£)**
East Malling Trust (design & planning)		236,600	34,400		271,000
East Malling Trust (construction)			2,922,300		2,922,300
Local Growth Fund (construction)			1,750,000		1,750,000
NIAB EMR (fit out & commissioning)				100,000	100,000
Total funding requirement		236,600	4,706,700	100,000	**5,043,300**

8.3. The main financial constraint, other than the need to secure LGF grant funding, is the delays to East Malling Trust in completing the necessary land sales for residential development to generate the funds to support the construction phase of the project. This risk is set out above.

8.4.

9. Outcome of ITE review

9.1. A full business case has been reviewed through the ITE process and been assessed as presenting high value money with medium/low certainty.

9.2. The ITE assessment has confirmed that a strong case has been made for the Project and the ITE are satisfied that realisation of the forecast benefits would be resilient to the uncertainty presented by COVID-19.

9.3. A proportionate, GVA-based approach to the economic appraisal has been taken. The business case provides details of the forecast number of jobs and the value of those jobs that will be stimulated by delivery of the scheme. This provides a reasonable indication that, were full, monetised economic appraisal undertaken the scheme would represent high value for money, however the lack of full, monetised economic appraisal does reduce the certainty of value for money.

9.4. The key risk is the delay of the East Malling Trust completing the necessary land sales for residential development to generate the funds to support the construction phase of the project. If LGF were to be awarded at the Accountability Board, the ITE recommends that assurances guaranteeing the provision of the match funding be sought and funding be contingent on those assurances being made.

10. Project Compliance with SELEP Assurance Framework

10.1. Table 2 below considers the assessment of the Business Case against the requirements of the SELEP Assurance Framework. The assessment confirms the compliance of the Project with SELEP's Assurance Framework.

Table 2 - Assessment of the Project against the requirements of the SELEP Assurance Framework

Requirement of the Assurance Framework to approve the project	Compliance (RAG Rating)	Evidence in the Business Case
A clear rationale for the interventions linked with the strategic objectives identified in the Strategic Economic Plan	Green	The Business Case provides clear justification for the Project which supports local, regional and national policy, and a strong alignment with the 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 expected project outputs and outcomes are set out in the Business Case and are detailed in the Economic Case.
Considers deliverability and risks appropriately, along with appropriate mitigating action (the costs of which must be clearly understood)	Green	A quantified risk assessment has been provided which provides itemised mitigation measures. Consideration has also been given to the impact of COVID-19 on the project.
A Benefit Cost Ratio of at least 2:1 or comply with one of the two Value for Money exemptions	Green	A BCR of 2.31:1 has been identified, providing 'high' value for money.

11. Financial Implications (Accountable Body comments)

11.1. In considering the recommendation to award funding to this Project, the Board should note that no funding can be transferred for the charge to be removed from the Thanet Parkway project, until the final third of LGF has been received.

11.2. Further, in the event that the LGF allocation for 2020/21 that is subject to review by the MHCLG, is not confirmed for receipt, KCC will need to bring an update report to the Board to assure the funding position for the Thanet Parkway project.

11.3. 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.

11.4. Essex County Council as Accountable Body to 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.

11.5. All LGF is transferred to the sponsoring 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.

11.6. 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.

12. Legal Implications (Accountable Body comments)

12.1. There are no legal implications arising out of the proposals set out in this report. The SLA between ECC, as Accountable Body, and Kent County Council will govern the arrangements between the parties and the recommendations set out in this report are in line with the conditions of the agreement, which permits the reallocation of funding where there are changes to a project.

13. Equality and Diversity implication

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

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

(b) Advance equality of opportunity between people who share a protected characteristic and those who do not;

(c) Foster good relations between people who share a protected characteristic and those who do not including tackling prejudice and promoting understanding.

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

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

14. List of Appendices

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

15. List of Background Papers

15.1. Business Case for the East Malling Advanced Technology Horticultural Zone Project

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

Role	Date
Accountable Body sign off Peter Shakespear (On behalf of Nicole Wood, S151 Officer, Essex County Council)	24/06/2020

Forward Plan reference number: FP/AB/276

Report title: A28 Sturry Link Road Project Update	
Report to Accountability Board on 15th May 2020	
Report author: Rhiannon Mort, SELEP Capital Programme Manager	
Date: 15/04/2020	**For:** Decision
Enquiries to: Rhiannon Mort, Rhiannon.mort@southeastlep.com	
SELEP Partner Authority affected: Kent	

Confidential Appendix

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

1. Purpose of Report

1.1 The purpose of this report is for the Accountability Board (the Board) to receive an update on the delivery of the A28 Sturry Link Road project (the Project), Canterbury, Kent.

1.2 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.

1.3 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.

1.4 At the last meeting of the Board, in February 2020, the Board agreed that the £4.791m unspent LGF would be automatically reallocated to the LGF pipeline if planning consent was not secured by 15th May 2020 for:

1.4.1 The Broad Oak Farm and Sturry development; and
1.4.2 The Project itself.

1.5 Due to the exceptional circumstances which have arisen, as a result of COVID-19, local authority planning committees have been postponed as a result of the social distancing measures and constraints on these meetings taking place virtually. This has removed the opportunity for the Project to satisfy the conditions agreed at the last meeting of the Board.

1.6 In light of the exceptional circumstances presented by the current COVID-19 crisis, the Board is asked to consider whether additional flexibility should be awarded to enable the planning consent to be considered at the next opportunity once planning committee meetings resume (Option 1).

1.7 Alternatively, the decision by the Board at its last meeting, for the reallocation of £4.791m LGF from the Project to the next project on the LGF pipeline if planning consent was not secured for the Project an associated residential developments by the 15th May 2020, will take effect (Option 2).

2. Recommendations

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

Option 1

2.1.1 **Agree** to reverse the decision to reallocate £4.791m from the Project to the LGF pipeline. *This is in light of the exceptional circumstances which have prevented the Project from being able to satisfy the conditions, agreed in February 2020, for the Project to retain the unspent LGF;* and

2.1.2 **Agree** to extend the deadline until 18th September 2020 for planning consent to be secured for:

2.1.2.1 The Broad Oak Farm and Sturry development; and
2.1.2.2 The Project itself; or

Option 2

1.1.1 **Note** the automatic reallocation of £4.791m unspent LGF to the next project on the LGF pipeline**,** as per the decision by the Board in February 2020; and

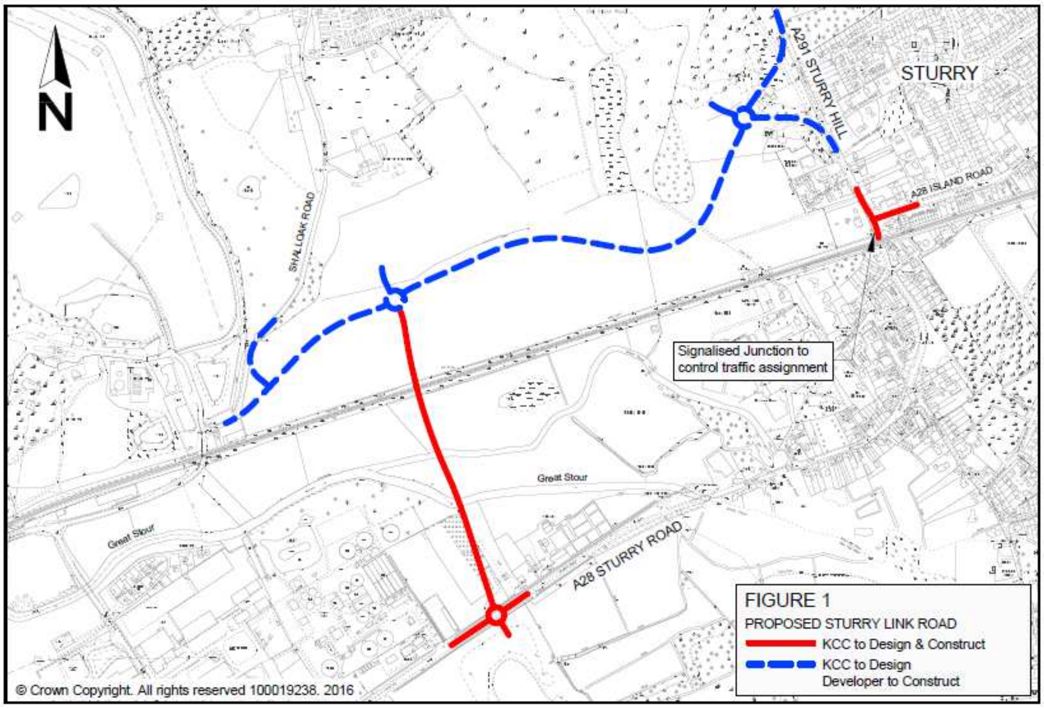
1.1.2 **Agree** that there is compelling justification for SELEP Accountable Body not to recover the £1.109m LGF spent on the Project to date, provided it can continue to meet the LGF grant conditions for Capital expenditure.

2. A28 Sturry Link Road (the Project)

2.1 The Project is for the delivery of the new link road between the A291 and A28, to the south west of Sturry, Canterbury, Kent. The LGF 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.

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

Figure 1 A28 Sturry Link Road



2.3 The overall objective of the Project is to tackle the existing congestion problem which currently exists at the Sturry level crossing and at the A28/ A291 junction. Queuing traffic affects adjacent junctions and can extend 1km in peak periods. The A28 road currently carries 20,000 vehicles per day, but with 6 trains passing per hour, the level crossing is closed for up to 20 minutes/hour during peak times, causing severe congestion to trips along the A28. This level of congestion is a major constraint on development to the north east of Canterbury.

2.4 Through tackling this congestion pinch point and increasing the capacity of this part of the network, the Project is expected to unlock new development sites to the North East of Canterbury, delivering 4,220 new homes and 1,700 jobs.

2.5 The scale of development unlocked by the Project includes residential development at the following sites:

- 2.5.1 Broad Oak Farm and Sturry – 1106 homes;
- 2.5.2 Hoplands Farm, Hersden – 250 homes;
- 2.5.3 Colliery Site, Hersden – 370 homes;
- 2.5.4 North Hersden – 800 homes;
- 2.5.5 Other sites in the north eastern quadrant of Canterbury District

2.6 Since the approval of the business case by the Board in June 2016, there have been no substantial changes to the Project scope, although some enhancements have been made to the Project design to incorporate feedback received by Kent County Council (KCC) through public consultation.

2.7 The developers/ landowners for the residential and commercial development sites which will be unlocked through the delivery of the Project are due to provide sizable funding contributions towards the delivery of the Project, as detailed below. These funding contributions are being made as a S106 funding contribution per residential unit plot completed. The developers are also responsible for the delivery of the spine road, as shown in Figure 1.

2.8 The Project was approved by the Board on the 24th June 2016 for the award of £5.9m LGF. At the stage of the Project being approved, Project risks were identified by the SELEP Independent Technical Evaluator (ITE) regarding the cost and deliverability of the Project, particularly considering the interaction with Network Rail.

2.9 Furthermore, risks have been identified in relation to the security and timing of the expected private sector funding contributions to the Project. An update on these Project risks is provided through this report.

3. Project Cost and Funding

3.1 The Project cost estimate for the delivery of the bridge over the railway was £28.6m within the original business case in 2016. This cost has now been updated and is currently forecast at £29.6m and includes the proposed alterations to the A28/A291 junction.

3.2 In both the original and updated Project cost, the cost of delivering the spine road through the development site has been excluded, as these costs will be met in full by the developer. The construction of the spine road will also be undertaken by the developer.

3.3 To date, £1.109m LGF has been spent on the delivery of the Project. In addition to the £5.9m LGF award 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. The appendix also clarifies the current status in relation to each contribution including where agreements are subject to planning dependencies.

Table 1 Funding Breakdown (£m)

	Expenditure Forecast £m							
Funding source	Prior to 2018	18/19	19/20	20/21	21/22	22/23	23/24 and onwards	To
LGF	0.8	0.3	0.0	1.1	3.7			
Developer Contributions	1.1	0.4	0.0	0.0	3.6	7.1	11.6	
KCC borrowing					3.0	6.0	-9.0	
Total funding requirement	1.8	0.7	0.0	1.1	10.3	13.1	2.6	

3.4 As a result of the Project development work which has been undertaken over the last three and a half years, there is now greater cost certainty than when the Project was previously considered by the Board.

3.5 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 development contributions to be made to the Project. Whilst KCC remain committed to the funding model, set out in Appendix 1, the delayed payment for developer contribution could result in additional forward funding being required by KCC.

4. Project delivery update

4.1 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.

4.2 The delivery of the Project has been slower than anticipated due to the interdependency between the Project and the planning applications for the residential/ commercial development which is associated with the Project. Project delays have also been experienced through the development of the environmental impact assessment (EIA), as stakeholder feedback has been considered and used to enhance the Project design work.

4.3 The interdependencies between the Project and the housing developments are complex and any resolution by Canterbury City Council to grant planning permission will be subject to the application for the relief road (the Project) being granted by KCC.

4.4 The outstanding planning applications, for the housing developments (being decided by Canterbury City Council) and the Project (being decided by KCC), are also subject of a joint Appropriate Assessment (AA) being considered as part of the planning application and being agreed by Natural England.

4.5 The Appropriate Assessment is being prepared primarily to manage an issue relating to the cumulative impact of the residential developments and the Project on water quality within the Stour River and the adjacent European Protected Area (EPA) at Stodmarsh. A preferred option had been identified to mitigate this issue but this no longer presents a viable option.

4.6 An alternative option has been identified but requires approval from Natural England. The alternative options presents a more innovative solution but it has not yet been implemented at other sites and as such, there is a risk of delays in receiving formal approval from Natural England for the Mitigation Strategy before the planning applications can be considered.

4.7 Once Natural England accept the AA, there are no other foreseen barriers to the determination of the planning application for the Project and associated developments once the planning committee meetings at Kent County Council and Canterbury City Council resume.

4.8 Canterbury City Council have been exploring the opportunities to use new powers to hold virtual planning committee meetings, but it is taking time to set up the local governance and put the technology in place. At the time of writing this report, it is expected that the planning applications for the two main residential development sites due to financial contribute to the Project will be considered by Canterbury City Council by 30 June 2020, but there is a risk that the Planning Committees may be further delayed due to COVID-19 restriction and risks in gaining Natural England acceptance of the Appropriate Assessment.

4.9 The response to COVID-19 has resulted in a number of Kent County Council Planning Committees being cancelled whilst acceptable processes are put in place and therefore planning consent for the Project itself has not been secured; to enable the Project to retain the unspent LGF. The earliest possible date for the KCC Planning Committee to consider the Project is 15 July 2020, although there is still a risk that the guidance for COVID-19 could prevent this from happening.

4.10 It is intended that the planning application for the residential developments will be considered before the application for the Project. If the consideration of the application by Canterbury City Council is delayed, this will further delay the consideration of the Project by KCC Planning Committee.

4.11 Based on the latest Project delays as a result of COVID-19, it is now anticipated that site mobilisation works will commence in June 2021, with the completion of the Project by May 2023. 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 6 below provides further details on these Project risks.

Table 2 – Project Milestones

Key Milestones	Provisional expected completion date
Planning	July 2020
Procurement and award of design and build contract	November 2020
Detailed Design	May 2021

Land acquisition	July 2021
Construction	May 2023
Open to traffic	August 2023

4.12 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 September 2021; as extended by SELEP Ltd in April 2020).

4.13 The conditions which need to be satisfied for LGF spend to be permitted by the Board beyond 30 September 2021 are detailed below, along with information about how the conditions will be met by the Project:

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

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 above. Once the planning consents have been granted for the Broad Oak and Sturry sites, as well as the KCC planning for the Project itself; the major risks to delivering the Project in line with this plan will be mitigated.

Whilst there remains a risk that a Compulsory Purchase Order (CPO) may be required, the timescales for the CPO have been factored into the delivery programme.

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

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

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

The funding strategy is in place to deliver the Project, and once the planning consents have been granted this will be formalised through the S106 agreements with the Developers. This funding strategy, detailed in the confidential appendix, sets out the intention for KCC to forward fund some of the developer contributions. The funding will then be repaid to KCC as housing delivery at the residential development sites reached the trigger points for these funding contributions to be made.

The delays due to COVID-19 will inevitably delay the commencement of the residential development and the timescales before the trigger points are reached for the developer contributions to be made to the Project. As a consequence, to cover this funding gap, there will be a need for additional forward funding by KCC to enable the Project to commence as per the current programme The cost of the additional borrowing is due to be borne by the developers, which could have an impact on the amount of funding available to make other contributions, primarily the delivery of affordable housing.

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

This was endorsed by the Strategic Board on 31st January 2020

2.1.5 Contractual commitments being in place with construction contractors by 30 September 2021 for the delivery of the project;

The procurement strategy is for a design and build contract which will be awarded in November 2020. The procurement has commenced with expressions of interest received and assessed. A list of preferred suppliers with Network Rail experience has been prepared. The tendering process will commence in June 2020 once the planning applications for the Sturry and Broad Oak developments have been determined and, on the assumption, that the Sturry link road will be determined.

It is expected that site mobilisation works will commence in June 2021 for the construction of the Project between July 2021 and May 2023.

5. Project risk

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

5.2 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:

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

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

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. To help mitigate this risk, a spend profile, revised April 2020, has been prepared by KCC which shows the housing delivery and developers contributions compared against the spend profile.

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.

There is an additional risk that as the developer will be baring the borrowing costs, these costs could start to outweigh the benefits of the £5.9m grant contribution to the Project.

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 September 2020.

5.2.3 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 principal with the developer;

5.2.4 KCC securing a charge on the land to enable Kent County Council to forward fund Source 2. The provision of a land charge has been agreed in principal with the developer, however, details are still to be provided and agreed.

5.3 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.

5.4 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 July 2020, subject to COVID-19 restrictions being lifted.

5.5 A Compulsory Purchase Order (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. However, if a CPO enquiry is required then this will add to the timescales for delivering the project and risks an increase in LGF spend beyond 30 September 2021.

5.6 To mitigate the risk of abortive LGF spend on the delivery of the Project, LGF spend is currently on hold.

6. Next steps and potential options

6.1 At the meeting of the Board on 8th June 2019, the Board resolved:

6.1.1 To Agree that the Project is put on hold but the LGF remains allocated to the Project until Kent County Council (KCC) can provide assurance that the local funding package is in place to progress with the delivery of the Project.

6.1.2 To Agree the requirement for a project update report to be received by the Board in September 2019 and at least every six months following this, to monitor the Project risk, unless the project is cancelled. These separate update reports will continue until the point that the Board is satisfied that the Project risks, have been sufficiently mitigated.

6.2 Since June 2019, individual update reports have been received by the Board at each meeting. There has been some progress made by Kent County Council towards developing the local funding package for the Project, as set out in Appendix 1. However, planning consent has not yet been secured for the Project, nor for the main residential developments due to financially contribute.

6.3 In November 2019, the Board agreed that if satisfactory progress has not been made towards securing the full funding package by the next update to the Board on the 14th February 2020, the Board will be asked to consider the reallocation of LGF to new LGF3b projects.

6.4 In February 2020, this deadline was further extended, and it was agreed that the £4.791m unspent LGF would be automatically reallocated to the LGF pipeline if planning consent was not secured by 15th May 2020 for:

6.4.1 The Broad Oak Farm and Sturry development; and
6.4.2 The Project itself.

6.5 In light of the current public health measures in response to COVID-19 and the postponement of planning committee meetings, there has been no feasible opportunity for the Kent County Council to meet the conditions agreed at the last meeting of the Board.

6.6 It is now expected that the planning consent will be considered by Canterbury City Council for the developments at Broad Oak Farm and Sturry developments by 30th June 2020 and for the Project itself on 15th July 2020 subject to COVID -19 restriction being lifted.

6.7 As a result of the exceptional circumstances we're currently facing, the Board is asked to agree one of two options:

Option 1

1.1.1 **Agree** to reverse the decision to reallocate £4.791m from the Project to the LGF pipeline. *This is in light of the exceptional circumstances which have prevented the Project from being able to satisfy the condition, agreed in February 2020, for the Project to retain the unspent LGF;* and

1.1.2 **Agree** to extend the deadline until 18 September 2020 for planning consent to be secured for:

1.1.2.1 The Broad Oak Farm and Sturry development; and
1.1.2.2 The Project itself; or

Option 2

6.7.1 **Note** the automatic reallocation of £4.791m unspent LGF to the next project on the LGF pipeline**,** as per the decision by the Board in February 2020.

6.7.2 **Agree** that there is compelling justification for 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.

6.8 Option 1 will provide additional time to ensure Kent County Council have a fair opportunity to meet the conditions which were previously agreed by the Board, considering the exceptional circumstance.

6.9 In April 2020, SELEP Ltd agreed to offer flexibility to projects which have been adversely impacted by COVID-19 including extending the Growth Deal period until at least the 30 September 2021. Additional project flexibilities will be considered on a case by case basis.

6.10 Considering the work which has been undertaken by Kent County Council, as described in section 4, once the joint AA is accepted by Natural England there are no further outstanding issues identified which will prevent the project planning application proceeding to determination once Canterbury City Council and Kent County Council planning committees resume. However, the agreement of the AA itself does present a risk of further delay to planning consent being awarded.

6.11 If the Board wish to pursue Option 1, it is strongly recommended that no further extensions to the deadline for planning consent to be secured should be agreed by the Board beyond September 2020. For SELEP to remove the hold on LGF project spend and transfer the remaining LGF allocation for the project by the end of 2020/21, SELEP Accountable Body will require firm confirmation that the full funding package is in place to deliver the Project. There remain a number of hurdles to overcome before this assurance can provided, as set out in section 5.2.

6.12 If the Project is unable to proceed and an alternative project is brought forward, SELEP must be in a position to demonstrate to Government that the funding is contractually committed and can be spent on the new project by the end of 2020/21.

6.13 Alternatively, the Board may choose to proceed with Option 2, as agreed in February 2020. This would enable the reallocation of the £4.791m LGF to the next projects on the LGF pipeline, as set out within the capital programme report.

6.14 If the remaining £4.791m unspent LGF is withdrawn from the Project (Option 2), it is still expected that the Project will proceed, as the completion of the Project remains essential to the planning residential developments in North East Canterbury. However, the withdrawal of the LGF could potentially impact the viability of the development and the affordable housing allocation for the developments would be reduced or lost. If there was still a remaining viability issue then there would be further impacts of the S106 contributions such as towards education and health care.

6.15 Under Option 2 for the £1.109m LGF spend to date not to be recovered, KCC have provided confirmation that the LGF spend to date would remain a capital cost and the Project would still progress to delivery using other funding sources.

6.16 As KCC has not yet completed the delivery of the Project there are provisions under the Service Level Agreement, for the SELEP Accountable Body to recover the £1.109m LGF spend to date. However, it remains KCC's intention to deliver the Project. If the unspent LGF is reallocated, it is expected that the Project would still progress utilising other funding streams, as set out in 6.14.

6.17 The Board in Option 2 is therefore asked to agree that SELEP should not recover the £1.109m LGF spend to date. This is on the basis that KCC continue to account for the LGF spend to date as a capital cost, which is a condition of the funding, and the Project will still be delivered using alternative funding sources.

6.18 Should KCC reach a point of agreeing that the Project will no longer progress to delivery, the £1.109m LGF spend to date would likely become a revenue cost and would therefore need to be returned to SELEP, as the grant conditions would no longer be met; it is a stipulation from Central Government that LGF funding can only be spent on capital expenditure. Should this situation arise then the Board will be provided with an update.

7. Financial Implications (Accountable Body comments)

7.1 The proposals for funding this Project are complex and currently not all arrangements with the developers are unconfirmed, and have varying degrees of associated risk.

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

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

8.4 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.

8.5 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

8. Legal Implications (Accountable Body comments)

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

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 1 – Confidential appendix – developer contributions

11. List of Background Papers

11.1 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)

Role	Date
Accountable Body sign off Peter Shakespear (On behalf of Nicole Wood, S151 Officer, Essex County Council)	24/06/2020

Forward Plan reference number: FP/AB/279

Report title: Queensway Gateway Road Project Update
Report to Accountability Board on 3rd July 2020
Report author: Marwa Al-Qadi, Project Co-ordinator – East Sussex Growth, East Sussex County Council and Helen Dyer, SELEP Capital Programme Officer
Date: 12th June 2020 — **For:** Information
Enquiries to: Helen Dyer, helen.dyer@southeastlep.com
SELEP Partner Authority affected: East Sussex

1. Purpose of Report

1.1 An update on the delivery of the Queensway Gateway Road project (the Project) was provided to the Accountability Board (the Board) in February 2020. The update set out the current position in relation to the land acquisition issues which are impacting on the delivery of the final section of the new road and which represent a significant risk to delivery. It was noted that the Board will be provided with regular updates on the Project whilst work continues to address the ongoing land acquisition delays.

1.2 The purpose of this report, therefore, is for the Accountability Board (the Board) to receive a further update on the delivery of the Queensway Gateway Road project (the Project).

2. Recommendations

2.1. The Board is asked to

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

2.1.2. **Note** that the Board will be provided with a further update on the Project at its next meeting on 18th September 2020.

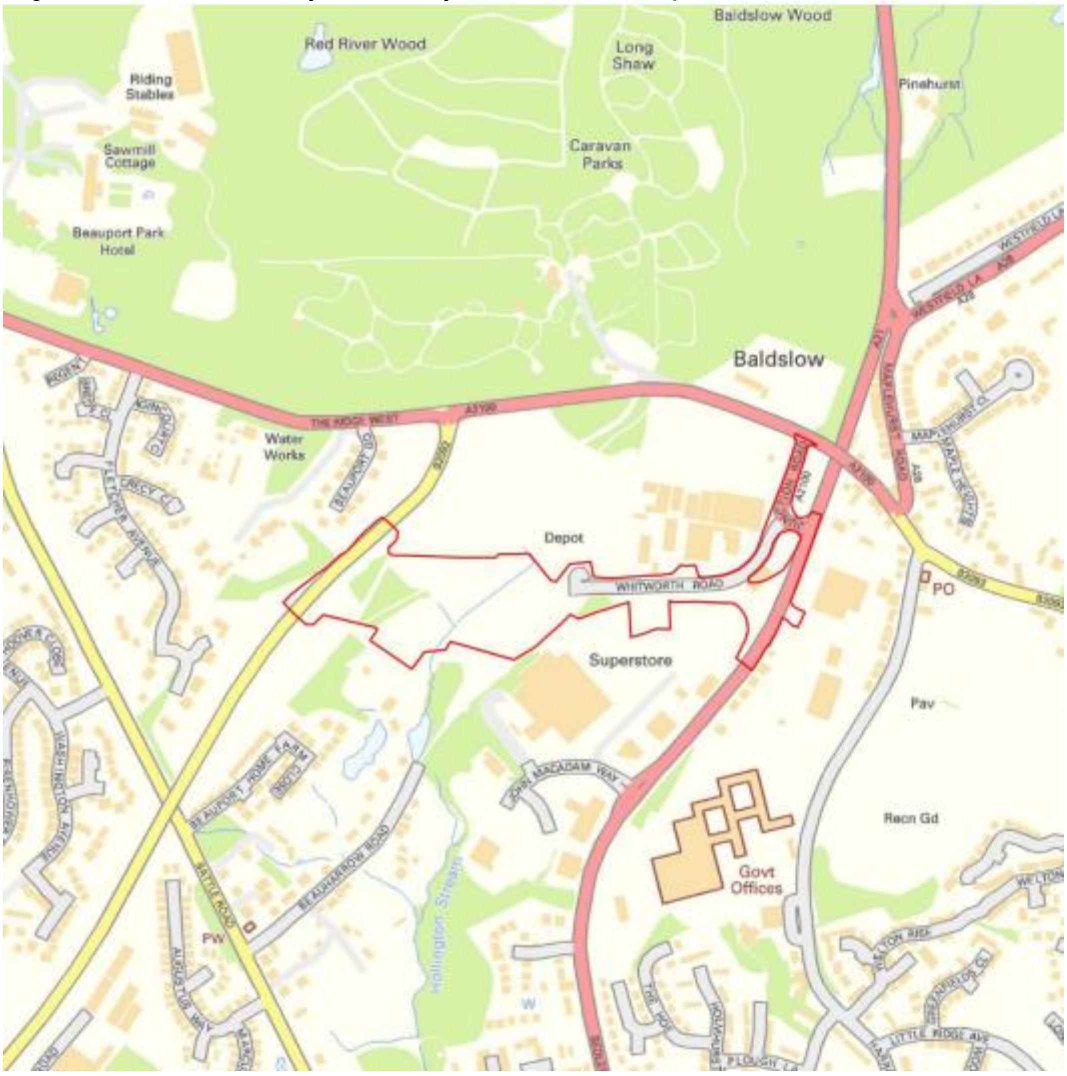
3. Queensway Gateway Road (the Project)

3.1. The Project was approved by the Strategic Board on 20th March 2015, prior to the establishment of the Accountability Board. The Project has an LGF allocation of £10m.

3.2. The Queensway Gateway Road scheme compromises a single carriageway road link between A21 Sedlescombe Road North and Queensway. The road will connect with Queensway running south of its junction with the Ridge West, crossing the Hollington Stream valley on an embankment and then running south of Whitworth Road to join the A21 at a new junction north of the existing

Sainsbury's store, as shown in Figure 1 below. The road will include roundabout junctions at either end and a roundabout junction with Whitworth Road facilitating access to employment sites to the north and south.

Figure 1 – Queensway Gateway Road location plan



3.3. The road will connect the Bexhill Hastings Link Road (BHLR) to the A21, redistributing traffic from the BHLR and The Ridge heading towards the A21. The opening of the BHLR will change the balance of traffic movements in the Hastings and Bexhill area, increasing traffic volumes along the Ridge and Queensway. By relieving congestion, the Queensway Gateway Road will improve strategic connectivity in the Bexhill Hastings Growth Corridor, improving employment development potential in Queensway and employment and housing growth potential in North Bexhill.

3.4. The Queensway Gateway Road provides access to designated employment development sites within the Bexhill Hastings Growth Corridor which would otherwise not be brought forward.

3.5. The new road allows land to be released for employment development, as set out within Hastings Local Plan 2004 and Hastings Planning Strategy.

Specifically, the road opens up the development potential of key sites south of The Ridge, with capacity for up to 12,000sqm of employment floorspace.

3.6. The key objectives of the Project are:

3.6.1. to support the development and employment potential of the Bexhill Hastings Growth Corridor;

3.6.2. to improve strategic access between the A21 and Queensway/BHLR and thereby strategic access to employment and housing sites in North Bexhill and Hastings; and

3.6.3. to alleviate congestion at junctions to the A21 enabling the BHLR to perform to its full potential as a driver of economic growth.

3.7. It is expected that the Project will lead to the creation of 900 new jobs. In addition, the development of Queensway Gateway Road and the BHLR are expected to directly contribute to the delivery of at least 60,000 sqm of new employment workspace and construction of 3,100 new homes in North Bexhill by 2028 as a result of improved connectivity.

4. Project delivery update

4.1. The original Project Business Case set out the intention to complete the Project by November 2016. However, delivery of the Project has been slower than anticipated due to planning delays in acquiring the land required to complete the entire route.

4.2. The Project is being delivered in phases with the first phase having started early in 2017. In March 2019, the western section of road was completed (70% of the total length of the road) and was opened for access to local businesses only.

4.3. The final section of the road, to connect the already completed sections with the A21, requires the purchase of remaining properties on the route. These acquisitions are under negotiation, however, there is currently no clear timeline as to when the acquisitions will be completed. This issue has delayed the completion of the Project and is identified as a significant risk to delivery.

4.4. In light of the delays encountered with the required acquisition, a temporary connection to the A21 is being progressed which will enable vehicles to use the road for access to the A21 as an interim solution until the permanent connection can be delivered. The temporary solution should have the resilience to deliver significant transport benefits and will provide the traffic management infrastructure to complete the on-line works on the A21.

4.5. The delivery programme set out within the original Project Business Case indicated that land acquisition would be completed by March 2016, with the Project complete by the end of November 2016. In February 2020, the Board were made aware that whilst there had been substantial delays to the delivery of the Project, that it was still expected that the overall scheme could be delivered within the £12m funding package currently available.

4.6. Subsequent to the February 2020 Board meeting, the construction industry has been impacted by the COVID-19 pandemic and the associated lockdown and social distancing measures introduced by Government. At this stage, the full impacts of the COVID-19 pandemic on the construction industry are unknown, however, a number of potential impacts have been identified including availability of materials and extended delivery programmes, which have the potential to increase project costs. Sea Change Sussex, as delivery partner, are working to understand how COVID-19 will impact on the project cost and a further update will be provided at the next Board meeting. However, there remains an expectation from Sea Change Sussex that the Project can be delivered in full within the available £12m funding package.

4.7. The Project has an LGF allocation of £10m. LGF spend reported to the end of May 2020 by Sea Change Sussex totalled £9.609m. It is expected that the remaining balance of £0.391m will be fully spent in 2020/21 on the next section of the permanent road link and the associated professional fees.

4.8. Sea Change Sussex will be funding the remainder of the works to be delivered as part of the Project, including the temporary connection.

4.9. It is anticipated, that following completion of the permanent connection, the Project will still deliver the benefits as set out in the Business Case and will enable the development of designated employment land within the Bexhill Hastings Growth Corridor.

5. Next steps

5.1. Given the strategic importance of the Project, Sea Change Sussex will continue to work towards permanent Project completion. This will be achieved through progressing three main workstreams:

5.1.1. **Delivery of the temporary connection with the A21** - Sea Change Sussex is currently working with Hastings Borough Council, East Sussex County Council and Highways England to progress the necessary approvals for the temporary connection. Work is ongoing to finalise the legal agreements with East Sussex County Council and Highways England which are required to allow connection to the public highway.

5.1.2. In February 2020, the Board were made aware that the temporary connection with the A21 was expected to be complete in Spring 2020. However, whilst work has continued to secure the necessary approvals to allow the works to commence and positive steps have been taken towards delivery, progress has been slower than anticipated in part as a result of the impacts of the COVID-19 pandemic.

5.1.3. A tender has recently been issued to appoint a contractor to deliver the temporary connection with the A21, and the next phase of the permanent connection, and it is expected that works will commence onsite during the summer. It is anticipated that the works will take between eight and ten weeks to complete, with the temporary solution expected to be open by the end of October 2020. This delivery programme is dependent upon it being possible to book the necessary road space with Highways England at the required time and on a decision as to whether a traffic regulation order (TRO) will need to be implemented to facilitate parking restrictions.

5.1.4. Completion of the temporary connection will allow traffic to use the road as a through route, thereby reducing the volume of traffic currently using the Ridge and helping to address local congestion issues.

5.1.5. **Completion of the acquisition negotiations** – In order to allow the final section of the permanent connection to progress it is essential that the required acquisitions are completed. Sea Change Sussex are working closely with East Sussex County Council who have agreed in principle to promote a Compulsory Purchase Order for the remainder of the required land, subject to Sea Change Sussex providing the necessary evidence to progress it. In parallel negotiations will continue with the existing property interests to acquire the requisite land required for the delivery of the permanent road connection. Sea Change Sussex are committed to completing the required acquisitions as soon as possible in order to minimise any further delay in the delivery of the permanent connection with the A21.

5.1.6. **Delivery of the permanent connection with the A21** - work will continue to progress toward the completion of the permanent connection to the A21 and final completion of the project. The next phase of the permanent solution is currently being progressed, with the works currently being tendered and completion expected by October 2020. At this stage it is not possible to give a definite timeline for the completion of the final phase of the permanent solution as it is dependent upon the outcome of the ongoing acquisition negotiations. However, the use of the Compulsory Purchase Order process should ensure that the Project is completed within the 2021/22 financial year. Delivery of the permanent connection will ensure that the required infrastructure is in place to allow the employment sites to be brought forward for development, whilst also permanently addressing congestion issues in the area.

5.2. Despite the additional works required to complete the Project, the overall cost of the Project remains below the original £15m estimated project cost. This has been achieved due to Sea Change Sussex being able to construct the new embankments using material available of circa 50,000m^3 from other Sea Change Sussex project sites, most notably the North Bexhill Access Road during the 2017-2019 period, thus exploiting the benefits of several projects working in parallel.

5.3. Sea Change Sussex have conducted initial COVID-19 related risk assessments to try and understand the impact of the pandemic and the associated lockdown and social distancing measures introduced by Government on the project delivery programme. COVID-19 presents a risk to the anticipated delivery programmes for both the temporary and permanent solutions due to likely delays in receiving public sector and third party input and approvals for the works and the potential impacts on construction practices and the construction supply chain. Whilst the full impacts of the COVID-19 pandemic are not yet fully understood, it is estimated that the delivery programme will be delayed by 3 months. As indicated at Section 4.6, it has not yet been possible to establish the scale of any impact on the expected project cost.

5.4. The Project currently has an overall risk score of ‘red’, and as a result updates will continue to be provided to the Board, until the Board are satisfied that the overall risk score for the Project has reduced.

6. Financial Implications (Accountable Body comments)

6.1. The full £10m LGF allocation to this Project has been transferred to ESCC, of which, it is noted, £9.609m has been spent to date. ESCC have not been able to confirm the forecast total Project spend profile as part of this update, but have indicated in section 4.6 that the delivery of the temporary solution, plus the acquisitions and delivery of the permanent solution can be delivered in the remaining £2.391m in the Project budget.

6.2. Should the Project not be delivered within the available budget, this will reduce the overall value for money of the Project; this should be reported to the Board. It should be noted that the full benefits of this Project that supported the value for money assessments and funding decisions of the Board, are dependent on successful delivery across all phases of the Project.

6.3. Should there be continued delays in the delivery of the final phase of this Project, there are increased risks associated with the overall Project completion within the Growth Deal period.

6.4. To mitigate the risk of slippage, the Board is advised to keep under review the delivery progress of this project. The next update to the Board in September should include confirmation of the total Project cost expenditure profile, highlighting the updated timescale for delivery and any significant risks to the overall value for money assessment and Project benefits.

7. Legal Implications (Accountable Body comments)

7.1. There are no legal implications associated with this report.

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 Background Papers

9.1. Business Case for the Queensway Gateway Road project

9.2. Strategic Board Agenda Pack 20th March 2015, including decision to award funding to the Project

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

Role	Date
Accountable Body sign off Peter Shakespear (On behalf of Nicole Wood, S151 Officer, Essex County Council)	24/06/2020

Forward Plan reference number: FP/AB/280

Report title: Bexhill Enterprise Park North Project Update	
Report to Accountability Board on 3rd July 2020	
Report author: Marwa Al-Qadi, Project Co-ordinator – East Sussex Growth, East Sussex County Council and Helen Dyer, SELEP Capital Programme Officer	
Date: 11th June 2020	**For:** Decision
Enquiries to: Helen Dyer, helen.dyer@southeastlep.com	
SELEP Partner Authority affected: East Sussex	

1. Purpose of Report

1.1 An update on the delivery of the Bexhill Enterprise Park North project (the Project) was provided to the Accountability Board (the Board) in February 2020. The update set out the current planning position and intended next steps, following the decision by Rother District Council planning committee to refuse the reserved matters application for the site. The decision to refuse the reserved matters application presents a significant deliverability risk to the Project and therefore the Board will be provided with regular updates on the Project whilst work continues to address this risk.

1.2 The purpose of this report, therefore, is for the Accountability Board (the Board) to receive a further update on the delivery of the Bexhill Enterprise Park North project (the Project).

2. Recommendations

2.1. The Board is asked to

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

2.1.2. **Agree** that LGF spend on the delivery of the Project, beyond the £440,000 already transferred to East Sussex County Council, should remain paused until planning consent has been granted.

2.1.3. **Agree** that a further update on the Project which confirms the outcome of, or sets out a clear timetable for conclusion of, the planning appeal should be provided to the Board at their meeting on 18th September 2020.

3. Bexhill Enterprise Park North (the Project)

3.1. The Project was identified by the Investment Panel as a priority through the LGF3b pipeline development process and was approved by the Board on 7th June 2019 for the award of £1.94m LGF.

3.2. Bexhill Enterprise Park North is a key element in the package of developments that have been designed as a direct response to the socio-economic challenges facing the Bexhill area.

3.3. The Project will deliver the site and servicing infrastructure required to access individual development plots within the business park from the North Bexhill Access Road. Delivery of this infrastructure will directly enable development on the site to proceed with the benefit of access and enable private sector investment.

3.4. The Bexhill Enterprise Park North site gained outline planning approval in May 2018 for 33,500sqm of employment floor space within use classes B1 and B2.

3.5. The delivery of the enabling infrastructure will unlock the site and will allow delivery of the first light industrial units which are essential to address the local jobs deficit in the area. In the first instance 8,000sqm of light industrial (B1) space will be brought forward, with the potential for 8,000sqm of manufacturing (B2) space to follow.

3.6. The key objectives of the Project are:

3.6.1. the delivery of employment floorspace;

3.6.2. creation of jobs to benefit economic development;

3.6.3. to enable private sector investment;

3.6.4. to encourage foreign investment; and

3.6.5. to demonstrate market viability.

3.7. In total, the wider Bexhill Enterprise Park North site has the capacity to support 493 net FTE jobs when fully delivered. Modelling of the take-up and occupancy of new development at the site suggests that the delivery of the wider project has the potential to generate £341m of GVA towards the economy by 2038.

4. Project delivery update

4.1. The original Project Business Case set out the intention to commence site preparation in August 2019, with the LGF funded enabling works being completed by March 2020. Thereby facilitating construction of the first industrial units on the site.

4.2. The delivery of the Project has been slower than anticipated due to complications encountered in the planning process.

4.3. It was indicated in the Project Business Case that outline planning permission had been granted in May 2018 for up to 33,500 sqm (net internal area) of employment floor space (classes B1 and B2) with roads and ancillary infrastructure and services. Planning permission was granted subject to a number of conditions being satisfied.

4.4. In October 2018, an application for approval of reserved matters following outline planning approval was submitted by a private sector development partner to Rother District Council. After a lengthy period of engagement and consultation, the application was considered by Rother District Council planning committee on 10th October 2019.

4.5. The planning committee resolved to refuse the reserved matters application for a number of stated reasons including: unacceptable phasing of the development, lack of master-planning for the site, poor design, impact on landscape character, detrimental impact on existing protected trees and failure to mitigate impacts on biodiversity.

4.6. It is noted that Rother District Council have offered to fund the development of a masterplan for the site, which would have informed the planning application and ensured its' compliance with the NE Bexhill Supplementary Planning Document. This offer continues to stand and Rother District Council have indicated a willingness to work with Sea Change Sussex, as scheme promoter and delivery partner, to help bring the masterplan forward.

4.7. On 24th December 2019, an appeal was lodged with the Planning Inspectorate in respect of the refusal of the reserved matters application. The appeal documentation included a request for an inquiry to be held as this approach would allow for examination of expert witnesses who have input into the planning application.

4.8. To date £440,000 of the LGF allocation to the Project has been transferred to East Sussex County Council to support delivery of the Project. None of this funding had been transferred to Sea Change Sussex, as delivery partner, by the end of 2019/20.

4.9. The decision to refuse the reserved matters application presents a significant deliverability risk to the Project. In light of this risk to delivery, it is considered prudent to continue to place any further LGF spend on the Project on hold until such time as the deliverability risk has reduced to an acceptable level through resolution of the planning issues. In light of ongoing uncertainty as to when the planning appeal will be heard, it is noted that placing LGF spend, beyond the £440,000 already transferred to East Sussex County Council, on hold until the planning appeal has concluded, may further delay delivery of the Project increasing the risk of LGF spend beyond the end of the Growth Deal period in

September 2021 (extension from March 2021 agreed by the Strategic Board in April 2020).

4.10. Following the decision by Rother District Council planning committee to refuse the reserved matters application, Sea Change Sussex have taken advice from a number of leading consultants and have indicated that they are confident in the case to be presented when the appeal is heard.

4.11. It is still anticipated that if the planning issues can be satisfactorily resolved the Project will deliver the benefits as set out in the Business Case, albeit to a delayed timetable.

5. Next steps

5.1. Following submission of the appeal, the Planning Inspectorate have determined that the most appropriate approach to conducting the appeal is via a hearing, rather than a public inquiry as requested.

5.2. It was originally estimated, based on average timescales for planning appeals through inquiry as published by the Planning Inspectorate, that it would take approximately 25 weeks from submission of the appeal to final decision. Based on this timetable, it was expected that the appeal would be decided during June 2020.

5.3. The decision by the Planning Inspectorate to conduct the appeal via a hearing, rather than public inquiry, should shorten the time required for the appeal to be decided. However, the Planning Inspectorate have indicated that the time to process appeals has been affected due to site visits and other events being postponed during March, April and May 2020 as part of the measures to slow the spread of COVID-19. As a result, a date for the hearing has not yet been set.

5.4. The delay in securing the required planning consent will have a significant impact on the delivery programme. The original Project Business Case set out the intention to commence site preparation in August 2019, with the LGF funded enabling works due to be completed by March 2020.

5.5. The delay in hearing the planning appeal, as a result of the COVID-19 pandemic, has meant that it is now unlikely that site preparation will commence prior to September 2020.

5.6. In addition to the COVID-19 impacts on the planning appeal process, there is also likely to be a wider impact on the construction industry. At this stage, the full impacts of the COVID-19 pandemic on the construction industry are unknown, however, a number of potential impacts have been identified including availability of materials and extended delivery programmes as a result of the requirement to adhere to social distancing measures whilst working on the site.

5.7. A revised delivery programme will be developed once the timescales for the completion of the planning appeal have been confirmed and the impacts of the COVID-19 pandemic on the construction industry fully understood. However, based on the current best-case scenario for determination of the planning appeal, it is expected that the LGF enabling works will now be completed in June 2021, following a 9 month delivery programme.

The alternative option available to Sea Change Sussex is to accept Rother District Council's offer to fund the development of a masterplan for the site and to work with the council to bring this forward. This would help to inform a revised planning application which complies with the NE Bexhill Supplementary Planning Document. It is estimated that it would take a minimum of 4 months to develop the masterplan for the site. Following the completion of the masterplan, it would be necessary for a new major planning application to be prepared, submitted and determined. It is estimated that the planning process could take an additional 4 months, on top of the 4 months required for completion of the masterplan. With a total estimated programme of 8 months to secure planning consent, this is not considered to be a viable option at this stage given the current proximity to the end of the Growth Deal period. It is therefore considered preferable to await the outcome of the ongoing planning appeal.

6. Project spend profile

6.1. In light of the changes to the Project delivery programme, a revised LGF spend profile has been provided, as set out in Table 1. Based on the current estimated delivery programme, all LGF funding will be spent by the end of June 2021. A revised LGF spend profile will be provided once the timescales for the completion of the planning appeal have been confirmed.

Table 1 – Bexhill Enterprise Park North LGF spend profile

	2019/20	2020/21	2021/22	**TOTAL**
Original spend profile	£1.94m	-	-	**£1.94m**
Revised spend profile	-	£1.54m	£0.40m	**£1.94m**

6.2. In April 2020, the Strategic Board received a series of reports which considered SELEP's response to the COVID-19 pandemic. One of the reports reflected on flexibilities which could be offered in relation to existing SELEP investments. One of the recommendations, which was agreed by the Strategic Board, was to extend the Growth Deal period by at least 6 months to 30th September 2021. This decision was taken due to the significant impact that the COVID-19 pandemic was having on local partners ability to deliver their LGF programmes.

6.3. In February 2019, based on informal advice from MHCLG, the Board agreed that LGF spend could continue beyond the end of the Growth Deal period (then 31st March 2021) for certain projects, on an exceptional basis, subject to the following five conditions being satisfied:

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

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

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

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

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

6.4. In April 2020, the Strategic Board agreed that these five conditions for spend beyond the Growth Deal period should remain unchanged but that they should be aligned with the new LGF end date (30th September 2021).

6.5. The updated LGF spend profile based on the revised delivery programme, as set out at section 6.1, indicates that the LGF funding will be spent in full by the end of June 2021. In light of the decision by Strategic Board to extend the LGF programme by 6 months, LGF spend is currently expected to fall entirely within the Growth Deal period. However, should the updated delivery programme (based on the confirmed timetable for the planning appeal once known) show that LGF spend will extend beyond 30th September 2021, East Sussex County Council and Sea Change Sussex will be asked to demonstrate how the Project meets the five conditions set out above.

7. Options available to the Board

7.1. In February 2020 the Board were provided with an update on the delivery of the Project, including an expectation that the appeal would be resolved during June 2020. In light of this it was agreed by the Board that a further update on the Project which confirmed the outcome of the planning appeal should be provided at this Board meeting.

7.2. As set out in Section 5 of this report, the planning appeal process has been delayed and a date for the appeal hearing has not yet been provided by the Planning Inspectorate. As a result, it is not possible for this report to provide the anticipated update in terms of the resolution of the planning appeal.

7.3. Based on the updated best-case scenario timetable for the planning appeal to be decided, it is recommended that a full Project update is provided at the Board meeting on 18th September 2020. It is expected that this update will:

7.3.1. Confirm the outcome of, or provide a clear timetable for conclusion of, the planning appeal;

7.3.2. Provide an updated delivery programme if the appeal is successful;

7.3.3. Demonstrate how the Project meets the five conditions for spend beyond 30th September 2021 if applicable; and

7.3.4. Outline the next steps if the planning appeal is refused, including any alternative options for delivery of the Project. Noting that if there are no alternative options for Project delivery that the recommendation will be made that the funding is reallocated to the next project on the LGF project pipeline. If an alternative approach to delivering the Project is identified, this will need to be presented to the Board for approval before the Project can progress.

7.4. Should it not be possible for the Project to progress to delivery, this will have an adverse effect on the economic development of North East Bexhill both in terms of job creation and inward investment by the private sector, which reflects the overarching objectives of both the Project and the adjacent North Bexhill Access Road project.

7.5. In February 2020, in light of the significant deliverability risk faced by the Project, the Board agreed to pause LGF spend, beyond the £440,000 LGF already transferred to East Sussex County Council, until planning consent has been granted. It was agreed that this approach minimised the risk to East Sussex County Council should the planning appeal not be successful.

7.6. Since February 2020, due to the impacts of the COVID-19 pandemic it has not been possible to reduce the scale of the deliverability risk faced by the Project. Therefore, whilst acknowledging that continuing to pause LGF spend on the Project until the planning appeal is decided may result in further delay to the delivery of the Project and may increase the likelihood of the LGF spend extending beyond the end of the Growth Deal period, it is recommended that LGF spend, beyond the £440,000 already transferred to East Sussex County Council, remains paused until the deliverability risk has reduced to an acceptable level.

7.7. As set out in the LGF Capital Programme update report, it is intended that Option 4 capital swaps will be applied for those projects which are forecasting LGF spend beyond 31st March 2021, subject to there not being any substantial risk to the delivery of the project. If it has not been possible to reduce the level of deliverability risk faced by the Project by October 2020, the Strategic Board may choose to not endorse the LGF spend which is forecast for beyond the Growth Deal period.

8. Financial Implications (Accountable Body comments)

8.1. Delays in the delivery of this Project increase the risks associated with the overall Project completion within the Growth Deal period.

8.2. 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.

8.3. The recommendation to continue to pause the LGF spend on the Project, potentially increases the risk of further delay to deliver the Project, however, given that planning permission has been refused and the outcome of the Planning Inspectorate appeal is unknown, this could be considered as the prudent approach to avoid the risk of abortive LGF spend to East Sussex County Council.

6.5 To mitigate these risks, the Board is advised to keep under review the delivery progress of this project and to take this into account with regard to any further funding decisions made.

6.6 If LGF spend on the Project becomes an abortive revenue cost, the funding must be repaid to SELEP by East Sussex County Council, under the terms of the Service Level Agreement with the SELEP Accountable Body.

6.7 Essex County Council is responsible for ensuring that the LGF funding is utilised in accordance with the conditions set out by Government for use of the Grant.

6.8 All LGF is transferred to East Sussex County Council 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.

6.9 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.

9. Legal Implications (Accountable Body comments)

9.1. There are no legal implications arising out of this decision.

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 Background Papers

11.1. Business Case for the Bexhill Enterprise Park North project

11.2. Accountability Board Agenda Pack 7th June 2019, including decision to award funding to the Project

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

Role	**Date**
Accountable Body sign off Peter Shakespear (On behalf of Nicole Wood, S151 Officer, Essex County Council)	 24/06/2020

Report title: USP College LGF Change Request	
Report to Accountability Board on 3 July 2020	
Report author: Howard Davies, Capital Programme Officer, SELEP	
Date: 8 June 2020	**For: Decision**
Enquiries to: Howard Davies – howard.davies@southeastlep.com	
SELEP Partner Authority affected: Essex County Council	

1. Purpose of report

1.1. The purpose of this report is to bring forward a proposal to change the location of the original Project proposal.

1.2. The Project was awarded £900,000 Local Growth Fund (LGF) by the Board on 13 September 2019.

1.3. The Project proposes to deliver a new 'state of the art' USP College Centre of Excellence for Digital and Immersive Learning on the Seevic USP Campus in Benfleet.

1.4. A change request has been submitted to SELEP by USP College, Benfleet (the College) which seeks approval from the Board to change the location from the Seevic USP campus to Canvey Island Skills Centre, approximately 5 miles away.

1.5. The Project would be brought forward at the Canvey Island Skills Centre. The College is in the process of acquiring this property.

1.6. The Change Request provided by the College has been considered through the Independent Technical Evaluation (ITE) process and has been assessed as presenting high value for money with a medium/low certainty of achieving this.

2. Recommendations

2.1. The Board is asked to:

2.1.1. **Approve** the change of location for this Project which has been assessed by the ITE as presenting high value for money with medium/low certainty of achieving this, subject to:

2.1.1.1 Written confirmation that the College has completed the acquisition of the Canvey Island Skills Centre

2.1.2. **Note** the reduced amount of match funding from the USP College. From £900,000 to £350,000

2.1.3. **Note** The proposed location does not need planning permission which will allow the Project to proceed sooner and thus all LGF spend will be completed by March 2021.

3. Background

3.1. The original Project scope, reviewed by the Board in September 2019, would deliver a new 'state of the art' USP College Centre of Excellence for Digital Technologies and Immersive Learning on the Seevic USP Campus in Benfleet.

3.2. The Project will deliver four suites, totalling 600m2 of new teaching and learning and business support space. Each suite will offer a full complement of immersive learning, virtual reality and collaborative working environments, which will be used by USP College learners, other education providers and local businesses.

3.3. The Project will build upon the existing immersive learning provision at USP College, and will offer a commercial-scale, cutting edge facility which is fundamental to the roll-out of the use of digital skills, immersive learning and simulated environments (virtual and augmented reality) in the delivery of further and higher education, vocational skills training and business support across the SELEP area.

3.4. The project will act as a transformational learning hub for Essex. It will also be used to demonstrate how access to digital, virtual and immersive technologies will drive change in the perceptions of both learners and employers in how to achieve both qualifications and professional competencies.

3.5. The key strategic objectives of the Project are:

3.5.1 To increase the number of learners with basic digital skills;

3.5.2 To increase the use of digital technologies in the delivery of education and skills training;

3.5.3 To increase accessibility to education and skills training and employment opportunities to people across SELEP;

3.5.4 To optimise the effectiveness of teaching and learning through cutting edge pedagogies;

3.5.5 To ensure that the workforce across SELEP has the exposure to, and skills in, digital technologies and applications that employers need;

3.5.7 To increase levels of learners accessing and attaining functional skills in English and maths;

3.5.8 To establish a new local digital partnership;

3.5.9 To review curriculum in employment priority sectors to establish how the Project can be used to integrate digital skills training in curriculum areas relevant to: health and social care, transport and logistics, digital and creative industries, finance, manufacturing and engineering and education and training provision;

3.5.10 To work with business support programmes and agencies and other stakeholders

3.5.11 In supporting 100+ businesses, particularly start-ups, incubators and high growth SMEs to access immersive learning, collaborative working, virtual and augmented reality environments to increase productivity and competitiveness;

3.5.12 To improve special educational needs and disabilities (SEND) and learners with learning difficulties and disabilities (LLDD) provision using immersive technologies and virtual/augmented environments;

3.5.13 To improve functional skills (maths and English) attainment using immersive learning and virtual and augmented learning environments;

3.5.13 To improve participation and attainment in science, technology, engineering and mathematics (STEM) using immersive learning and virtual and augmented learning environments;

3.5.14 To widen participation in education, training and skills to people of all ages and backgrounds;

3.5.15 To increase the number of women with STEM, IT and digital skills;

3.5.16 To improve the number of learners with qualifications beyond L1(Level 1);

3.5.17 To improve the number of learners with qualifications beyond L3 (Level 3);

3.5.18 To host open days for members of the community to get experience of immersive technologies and virtual/augmented environments; and

3.5.19 To increase take-up of work placements, traineeships and apprenticeships through use of the Project in delivering training and assessment.

3.6 The delivery of the Project will enable over 500 learners to be supported, with over 50 new learners created as a result of the Project. In addition, over 50 new jobs will be created through new digital apprenticeships as a result of the Project.

3.7 Over 600 businesses will be supported through the Project, via engagement, training and access to the facilities.

4. Reason for Making Change

4.1 The location at Canvey Island is purpose built, modern and already defined as an educational and community resource. This change will ensure that a current asset of Essex County Council (ECC) remains fully utilised and supporting the local community on Canvey Island.

4.2 The Canvey Skills Centre is currently leased from ECC by the South Essex College, who have terminated their lease effective from the end of June 2020. USP College will be taking up the lease on a peppercorn rent over 125 years. This is nearing agreement.

4.3 There is already ample parking for both students and businesses compared to limited parking available at the Seevic campus. The new location is equidistant from Benfleet railway station.

4.4 The new location is extensively serviced by public transport with 15-minute services from the railway station to the proposed college location. In addition, there are 15-minute services from both Basildon and Southend to Canvey Island.

4.5 Use of the Canvey Skills Centre building also means that there are no planning requirements or approvals required.

4.6 Costs for the alternative location have been calculated at £1,500 per m^2 refurbishment (in depth refurbishment required) rather than the £2,000 per m^2 for new build, which was already cost effective due to the modular nature of the build. The area required of the Centre of Excellence for Digital and Immersive Learning (CEDTIL) is approximately 600 m^2 which is the expected structure required for an Immersive learning environment. This space will provide 3 large open areas which will require, power distribution, acoustic partitions, re-lighting, air conditioning, heating alteration as well as redecorations (including floor and ceiling treatments).

4.7 The operations currently operating from the building in Canvey, which cover a range of vocational qualifications, will be moved to other premises within the

South Essex College. In addition, all employees have been offered positions within South Essex College.

Alternative Options

4.8 The Project can still be delivered at the original location at the Seevic Campus at Benfleet. The reason for the switch to Canvey Island Skills Centre is more around the speed of delivery for the Project and a saving for the College in Capital funds during this difficult time.

4.9 The original location at the Seevic Campus would have required a modular build which would require the demolition of current structures and new foundations. The actual buildings are a very cost-effective option, but demolition and foundation costs added to the overall budget.

Table 1. Breaking down of Funding Commitments

Funding Party	Original Amount (£)	Proposed Amount (£)
SELEP	900,000	900,000
USP College	900,000	350,000
Total	1,800,000	1,250,000

4.10 The added benefit of the change is that the facility will be operational more quickly than the original new build approach, which will provide a significant resource to support the recovery from Covid-19. The centre will provide much needed additional capacity for digital training to support both learners seeking new skills and businesses to adapt.

4.11 This would ensure that the College would deliver the project within the agreed funding envelope, by the 31 March 2021 without any change to the deliverables (Impact, outcomes and output) within the original submission.

4.12 In addition the reduction in funding contribution from the College will help their own financial position as they themselves recover from the Covid-19 crisis.

4.13 The College would still support the Project with £216,000 (revenue) funding, which puts the College’s total contribution to £566,000.

4.14 The College has consulted with a number of key Stakeholders including; Castle Point Council, Careers College, Docklands Academy, The Skills Network, Essex Provider Network, Ajenta, Railscape, Diverse Interactive. All of whom have been extremely supportive of the proposed change and can see significant opportunities that this location will bring.

5. Outcome of ITE Review

5.1 As a result of the proposed change to scope the project outcomes will not change and the SELEP contribution will not change.

5.2 The original Business Case for USP CEDTIL, as reviewed in July 2019 was based on a scheme cost of £2,016,000. The allocation from the Local Growth Fund was less than £2m therefore the scheme was exempted from the need for full, monetised economic appraisal. We were satisfied that an overwhelming strategic case has been made for this scheme, but that there was a deliverability risk due the fact that planning permission had not yet been secured. It was our assessment, therefore that the scheme represented high value for money, with a low level of certainty of that value for money.

5.3 As a result of the change to scope, the project outcomes will not change and the SELEP contribution will not change. The facility will be at a different location to the initially proposed site however clarification has been provided by the scheme promoter that the new location is well connected by public transport. Moreover, the use of the new location at Canvey Skills Centre means that there are no planning requirements.

5.4 Exemption 1 may be applied where a project does not present High Value for Money (a Benefit Cost Ratio of over 2:1) but has a Benefit Cost Ratio value 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:

5.4.1 The funding sought from SELEP in relation to the project must be less than £2.0m and to conduct further quantified and monetised economic appraisal would be disproportionate; and

5.4.2 Where there is an overwhelming Strategic Case (with minimal risk in the other cases); and

5.4.3 There are qualitative benefits which, if monetised, would most likely increase the Benefit Cost Ratio above 2:1.

6. Project Compliance with SELEP Assurance Framework

6.1 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 the SELEP's Assurance Framework.

Table 2 Assessment of the Project against the requirements of the SELEP Assurance Framework

Requirement of the Assurance Framework to approve the project	Compliance (RAG Rating)	Evidence in the Business Case
A clear rationale for the interventions linked with the strategic objectives identified in the Strategic Economic Plan	Green	The Business Case identifies the current problems and why the scheme is needed now. The project objectives align with both national and regional policy, including the SELEP Skills Strategy. The objectives presented align with those identified in the Economic Strategy Statement.
Clearly defined outputs and anticipated outcomes, with clear additionality, ensuring that factors such as displacement and deadweight have been taken into account	Green	The Business Case clearly sets out the expected outputs and outcomes of the Project. Due to the low level of LGF funding required for this Project, a full BCR assessment is not required.
Considers deliverability and risks appropriately, along with appropriate mitigating action (the costs of which must be clearly understood)	Green	A comprehensive risk register has been developed which provides an itemised mitigation.
A Benefit Cost Ratio of at least 2:1 or comply with one of the two Value for Money exemptions	Amber	A full, monetised economic appraisal has not been undertaken as the scheme has a value below £2m, therefore, the scheme offers high value for money, with a medium to low certainty of achieving this.

7. Financial Implications (Accountable Body Comments)

7.1. The LGF funding of £900,000 originally allocated to the Project in 2019/20 by the Accountability Board has not been drawn down and transferred to ECC for delivery of the Project.

7.2 The match funding provided by USP college is reduced from £900,000 to £350,000 if the Board approves the Project change recommended in this report. The College's revenue funding contribution of £216,000 to the Project remains unchanged.

7.3 The proposed Project change will now result in the LGF allocation of £900,000 being spent in full by the end of the Growth Deal period, 31 March 2021.

8. Legal Implications (Accountable Body Comments)

8.1. There are no legal implications arising from this report

9. Equality and Diversity implications (Accountable Body Comments)

7. List of Appendices

7.1 Appendix 1 – Report of the Independent Technical Evaluator (as attached to Agenda Item 5)

8. List of Background Papers

8.1 Project Change Request – USP College

(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 Peter Shakespear **On behalf of Nicole Wood**	24/06/20

Forward Plan reference number: FP/AB/275

Report title: Growing Places Fund update	
Report to Accountability Board on 3rd July 2020	
Report author: Helen Dyer, SELEP Capital Programme Officer	
Date: 12th June 2020	**For:** Decision
Enquiries to: Helen Dyer, helen.dyer@southeastlep.com	
SELEP Partner Authority affected: 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.

1.2. The report also provides an update on the effects of the COVID-19 pandemic on the existing GPF programme, and the implications for the current round of GPF funding (round 3).

2. Recommendations

2.1. The Board is asked to:

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

2.1.2. **Note** that at their meeting on 17th April 2020, the Strategic Board agreed to recommend to the Board that flexibility should be granted to delay GPF repayments for existing projects where justification is provided of the impact of COVID-19. Decisions on individual repayment schedule changes will be brought to the Board for consideration.

2.1.3. **Note** that at their meeting on 17th April 2020, the Strategic Board agreed a 12 month grace period, starting from 1st April 2020, in relation to the charging of interest on GPF loans where repayments are not able to be made in line with agreed repayment schedules due to the impact of the COVID-19 virus.

2.1.4. **Note** the identified risk to the repayment schedules for the following projects:

2.1.4.1. Sovereign Harbour
2.1.4.2. North Queensway
2.1.4.3. Javelin Way
2.1.4.4. Live Margate

2.1.4.5. No Use Empty Commercial
2.1.4.6. Workspace Kent

2.1.5. **Approve** the revised repayment schedule for the Fitted Rigging House project and agree that, despite repayments not being made in line with the original repayment schedule, no interest will be charged on the loan.

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

2.1.7. **Note** the revised drawdown schedule for the Colchester Northern Gateway project.

2.1.8. **Note** the update on the latest round of GPF investments (GPF round 3) following the Strategic Board meeting which was held on 12th June 2020.

3. SELEP Growing Places Fund investments

3.1. In total, £49.21m GPF was made available to SELEP for investment as a recyclable loan scheme. To date, GPF has either been invested or has been allocated for investment in a total of 21 capital infrastructure projects, as detailed in Appendix 1. In addition, a small proportion of GPF revenue funding was allocated to Harlow Enterprise Zone (£1.244m) and the remaining proportion (£2m) has been ring-fenced to support the activities of SELEP's Sector Working Groups (known as the Sector Support Fund); as agreed by the Strategic Board.

3.2. 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. Impact of COVID-19 on the GPF programme

4.1. The impact of the COVID-19 pandemic and the associated social distancing measures introduced by Government will result in a severe shock to our economy. Whilst the full impact is not yet known, the existing GPF projects are already beginning to feel 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. Through the latest round of 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:

4.2.1. The effect of social distancing measures on construction practices – a number of projects have reported that all work onsite was stopped as a result of the COVID-19 pandemic and the associated social distancing measures. This is 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.

4.2.2. 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.

4.2.3. 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.

4.3. A number of other more project specific risks were also raised within the reporting from scheme promoters. These risks are referenced throughout this report as the relevant projects and how they are affected by COVID-19 is discussed. GPF project risks will continue to be monitored over the coming months as the full impacts of the COVID-19 pandemic become evident. This may result in currently unidentified risks being highlighted in future Board reports.

4.4. Under normal circumstances this report would contain an update on the delivery of the jobs and homes outcomes expected as a result of each GPF project. Some scheme promoters were unable to quantify these benefits at this time due to many businesses undertaking remote working or having closed for the duration of the lockdown enforced by Government. It should be noted that COVID-19 presents a risk to the benefits already realised as part of the GPF programme due to the significant economic impact. Subject to scheme promoters being able to provide an update on the delivery of the jobs and homes outcomes associated with their projects, a full update will be provided at the September Board meeting.

4.5. 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. As the effects of COVID-19 become more widely understood, the Board will be updated on the likely impact on the realisation of the expected benefits across the GPF programme.

5. Flexibilities afforded to existing GPF projects

5.1. In light of the impact of the COVID-19 pandemic, there is a desire to offer support to all GPF projects which have been affected by the crisis. It is hoped that this support will not only safeguard the GPF programme and the associated economic benefits arising from successful project completion but will also assist in safeguarding the future of a number of organisations across the SELEP region.

5.2. To this end, the SELEP Strategic Board considered a series of three reports at their meeting on 17th April, which set out plans for SELEP's response to the COVID-19 pandemic. One of the reports considered flexibilities that SELEP can offer on existing investments, primarily through the LGF and GPF programmes.

5.3. The report set out two main areas of consideration in relation to the existing GPF programme: offering flexibility on repayment and offering a grace period during which no interest will be charged when payments are not made in accordance with the agreed repayment schedule.

5.4. The GPF funding is awarded to local authorities or other organisations in order to bring forward capital assets. The GPF loans are then repaid through revenue generated by that asset. As a result of COVID-19, an immediate impact has been felt in terms of revenue generation across a number of completed projects. This led to two projects, the Fitted Rigging House and Charleston Centenary (as set out in sections 9 and 10 respectively of this report), not being in a position to bring forward planned repayments in 2019/20. As the wide-ranging impacts of the COVID-19 pandemic become clearer it is expected that other projects will be in a similar position in 2020/21.

5.5. It was therefore recommended to Strategic Board that flexibility should be granted to delay GPF repayments for existing projects where justification is provided of the impact of COVID-19. This recommendation was agreed, noting that the Board are responsible for agreeing the changes to the repayment schedules. The Strategic Board also noted that revised repayment schedules for the Fitted Rigging House and Charleston Centenary projects would be presented at this meeting, with a recommendation that the changes are agreed.

5.6. As a result of the flexibility offered to delay GPF repayments for existing projects and the impact of COVID-19, it is likely that there will be a reduction in the amount of GPF repaid by existing projects in 2020/21. This will impact on the amount of GPF funding that is available for reinvestment.

5.7. In 2017, the Strategic Board agreed that GPF loans would be charged at an interest rate of 2% below the Public Works Loan Board Maturity Rate or zero, whichever is higher. The Strategic Board also agreed that if GPF repayments could not be made in accordance with the schedule agreed by the Accountability Board, that the 2% discount would no longer apply and that interest would be charged at the Public Works Loan Board Maturity Rate as it was on the date that the legal agreement was signed.

5.8. In accordance with this decision, the Fitted Rigging House and Charleston Centenary projects would be liable for paying interest on their GPF loans as they were not able to make their planned repayments in 2019/20.

5.9. Due to the exceptional circumstances, it was recommended to the Strategic Board that interest should not automatically be charged on projects which default on their repayments as a result of financial difficulty due to the COVID-19 pandemic, and that a 12 month grace period is allowed from 1st April 2020 on the charging of interest. This recommendation was agreed by the Strategic Board.

6. GPF repayments

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

6.2. Repayments are now being made on the initial GPF Round 1 investments, with £31.342m having been repaid by the end of 2019/20.

6.3. It was expected that initial repayments against two of the GPF round 2 projects would be made prior to the end of 2019/20. However, as set out in Section 5 of this report, the scheme promoters were unable to make these repayments due to the impacts of the COVID-19 pandemic. Revised repayment schedules for these projects are set out in this report for consideration by the Board.

6.4. It is anticipated that some of the impacts of the COVID-19 pandemic will have a longer term impact on the economy, and the housing sales/lettings market. As a result, a number of further risks relating to 2020/21 GPF repayments have already been identified. Table 1 below sets out the risk assessment of each GPF repayment due in 2020/21.

Table 1: Assessment of repayment risk for 2020/21

Project	Repayment due (£)	RAG Rating	Comment
Fitted Rigging House	300,000		Revised repayment schedule brought forward for consideration by the Board.
Workspace Kent	76,400		Repayment risk identified. Full impact of risk to be analysed and revised repayment schedule expected to be submitted for consideration at September or November Board meeting.
Charleston Centenary	36,000		Revised repayment schedule brought forward for consideration by the Board.
Live Margate	1,000,000		Repayment risk identified. Risk to be monitored and revised repayment schedule expected to be submitted for consideration at November Board meeting.
North Queensway	500,000		Repayment risk identified. Risk to be monitored and revised repayment schedule expected to be submitted for consideration at November Board meeting.
No Use Empty Commercial	500,000		Repayment risk identified. Risk to be monitored and revised repayment schedule expected to be submitted for consideration at November Board meeting.
Sovereign Harbour	300,000		Repayment risk identified. Risk to be monitored and revised repayment schedule expected to be submitted for consideration at November Board meeting.
Rochester Riverside	2,520,000		No repayment risk identified.
Eastbourne Fisherman	1,150,000		No repayment risk identified.
Chatham Waterfront	1,000,000		No repayment risk identified.
Innovation Park Medway	50,000		No repayment risk identified.
Total repayment due	7,432,400		

6.5. This risk assessment will continue to be updated during the 2020/21 financial year as the full impacts of the COVID-19 pandemic are analysed by scheme promoters.

7. GPF cash flow

7.1. Table 2 below sets out the current cash flow position based on the planned GPF investment and the GPF available for investment through loan repayments. This cash flow reflects the assessment of repayment risk set out in Section 6 of this report, and only assumes repayments in 2020/21 against those four projects currently showing no repayment risk. This will continue to be monitored and updated in accordance with updates from scheme promoters.

7.2. As repayment risks have been identified against all other projects which are due to make repayments in 2020/21, these repayments have not been included in the cash flow position at this time. It is expected that revised repayment schedules will be brought forward for these projects in the coming months once a full COVID-19 impact assessment has been undertaken. Once revised repayment schedules have been considered and agreed by the Board, they will be added into the updated cash flow position.

7.3. Proposed changes to repayment schedules for the Fitted Rigging House and Charleston Centenary projects are set out in this report. These changes will result in no repayments being made against these projects in 2020/21, and therefore these projects are not included in Table 2.

Table 2: GPF Cash Flow Position assuming approved repayment schedules are met for those projects currently showing no repayment risk

£	2019/20	2020/21
GPF available at the outset of year	13,663,002	25,347,202
GPF Round 1 planned investments	63,000	-
GPF Round 2 planned investments	2,222,000	3,055,000
Position before GPF repayments are made	11,378,002	22,292,202
GPF repayments expected	13,969,200	4,720,000
Carry Forward	25,347,202	27,012,202

7.4. As shown in Table 2 total GPF drawdown of £3.055m 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 GPF projects will have drawn down their full allocation of funding. The drawdown schedule for the GPF programme is set out in Appendix 3.

8. Identified Risks to GPF repayment schedules

8.1. Through the latest round of GPF reporting, risks to repayment schedules for six projects have been identified predominantly as a result of the impact of the COVID-19 pandemic.

8.2. Scheme promoters have indicated that additional time is required to fully understand the impacts of COVID-19 on their projects and their intended repayment mechanism. It is therefore expected that revised repayment schedules for these projects will be brought forward for consideration by the Board at or before the November 2020 Board meeting.

8.3. A brief overview of each of the six projects, their current delivery status and the identified repayments risks is provided below.

Sovereign Harbour

8.4. The Sovereign Harbour project was awarded £4.6m GPF in 2014, for the delivery of high-quality office space in Eastbourne. This development was the first major development in the Sovereign Harbour Innovation Park and was expected to facilitate up to 299 jobs.

8.5. The Project is now complete and has delivered 2,345sqm of office space in Pacific House, which has facilitated delivery of 218 jobs to date.

8.6. Repayments totalling £825,000 have been made against the Project, leaving an outstanding balance of £3.775m which is still to be repaid.

8.7. In September 2019, the Board were asked to consider a revised repayment schedule for the project due to ongoing difficult trading conditions, which had resulted in several companies occupying office space in Pacific House going into administration, impacting on the rental income available to repay the GPF loan. At the time that this change was considered by the Board Sea Change Sussex, as the delivery organisation for the project, were confident that the updated repayment schedule could be met through a combination of rental income and proceeds from selling Pacific House.

8.8. The impacts of COVID-19 have exacerbated the difficult trading conditions described in September 2019, which has resulted in further risks to the repayment schedule.

8.9. Sea Change Sussex, as landlord, are taking steps to support their tenants at Pacific House during this time of uncertainty and have agreed to rent being waived in Q1 2020/21. Despite this support being offered, it is anticipated that some businesses may still fail as a result of COVID-19, whilst others may choose to relocate. The property market has largely stopped so it is unlikely that new businesses will take up occupancy in the building until economic recovery is underway.

8.10. There is, therefore, a risk of potential loss of income from rent and service charges. This coupled with an additional liability for business rates on empty office spaces, may result in it not being possible for the 2020/21 scheduled repayment to be made.

8.11. In order to meet the final repayment of £3.475m, it was intended that Pacific House would be sold in 2021/22. However, Sea Change Sussex have indicated that prior to the building being sold, rental income will need to be re-established so that a successful investment sale can be made and the GPF loan repaid. This presents a further risk to the previously agreed repayment schedule.

North Queensway

8.12. The North Queensway project has received GPF investment totalling £1.5m, which has been used to fund junction improvements and preliminary site infrastructure works to prepare the site for development. The expectation was that completion of the GPF works would enable the development of a new business park providing serviced development sites with the capacity for approximately 16,000m^2 (gross) of high quality industrial and office premises.

8.13. The GPF funded aspects of the project have been delivered, the GPF has been invested in full and to date repayments totalling £1.0m have been made to SELEP. However, the repayment of the remaining £500,000 remains outstanding.

8.14. As outlined at the February 2020 Board meeting, the 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. The challenges in securing planning consent have deterred private sector investment in the site.

8.15. In order to mitigate this issue Sea Change Sussex, as the delivery organisation for the project, have indicated their intention to carry out further site enabling works. This will provide additional infrastructure to address the identified challenges to enable the stalled development to progress. These infrastructure works include the installation of a pumping station and provision of mains drainage, water and electricity supplies to the site.

8.16. Sea Change Sussex are also now taking forward a planning application for 4,000m^2 of industrial accommodation on part of the site to help accelerate the process. This will enable Sea Change Sussex to either sell off development plots as originally envisaged, sell completed buildings or generate rental income in order to make the final GPF repayment.

8.17. The onset of the COVID-19 pandemic has resulted in the project facing further complications. Whilst Sea Change Sussex are continuing to progress with the additional site enabling works, minor supply chain disruption has been identified as resources, such as personal protective equipment, are diverted to front line services tackling COVID-19.

8.18. There is a risk that planning processes will be delayed, which will impact on the time available for weather sensitive works to be completed at the site before winter and the associated adverse weather conditions arrive. It is also noted that if work does progress onsite it is likely to be a slower pace than initially anticipated due to the social distancing requirements that are in operation.

8.19. As indicated above, the intention is to repay the GPF loan through sale of development plots or completed buildings or through rental income generated through the letting of buildings on the site. There is a risk that the COVID-19 pandemic will impact on the sale of plots on the site, thereby restricting Sea Change Sussex's ability to repay the loan in accordance with the agreed repayment schedule.

8.20. Sea Change Sussex need time to fully understand the impact of COVID-19 and the extent to which the identified risks will materialise before bringing forward a revised repayment schedule.

Javelin Way

8.21. The Project aims to develop the Javelin Way site in Ashford for employment use, with a focus on the development of Ashford's creative economy.

8.22. 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. Upon completion, the light industrial units will be sold or leased, providing suitable space for additional creative businesses. The project was awarded £1.597m through the second round of GPF funding.

8.23. The technical design (RIBA Stage 4) for the project has been completed and following a tender process, that was delayed due to contractors experiencing staffing issues due to COVID-19, five tenders have been received. Best and Final offers have now been received and are in line with pre-tender estimates.

8.24. In addition to the current procurement delays, there is a risk that once the contractor starts work onsite that the delivery programme will be further extended as a result of the ongoing social distancing measures introduced by Government.

8.25. As an immediate impact of the COVID-19 pandemic, the marketing agent for the industrial units has advised that they can no longer deliver in accordance with their original sales timelines. Analysis of the impact of COVID-19 on the sales values of industrial units will be undertaken once the current lockdown period ends, however, initial estimates suggest that the sales values may take two years to return to pre-COVID-19 levels.

8.26. The repayment of the GPF loan is directly linked to the sales of the industrial units and as a result of the current COVID-19 situation it is not possible at this time to accurately forecast when it will be feasible for the GPF loan to be repaid. A revised repayment schedule will be presented to the Board in November 2020.

Live Margate

8.27. 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 in order to deliver improvements which achieve social and economic benefits in the local area.

8.28. The Live Margate project specifically targets long-term derelict or problem buildings in Margate for refurbishment into family homes. The project was awarded £5m through the first round of the GPF.

8.29. Following lengthy contract negotiations, a former school site was acquired on 1st April 2020. Several derelict buildings line the perimeter of this site. These buildings will receive site boundary treatment and will be cleaned up. In addition, planning feasibility documents will be prepared to support marketing before the buildings are sold to private parties for conversion into residential homes. Alongside this site, refurbishment works are ongoing at other poorly managed multiple occupancy dwellings and poor-quality building stock at multiple sites within the town.

8.30. The project is expected to deliver in excess of the anticipated 66 homes as outlined within the project funding application. To date 41 new homes have been delivered, with more expected following works on the newly acquired site. It is the sale of these homes which will raise the funds required to repay the GPF loan.

8.31. As a result of the COVID-19 pandemic, a number of risks have been identified in relation to the delivery of this project. There is an identified planning risk in relation to the recently acquired building, however, this is not expected to be a significant risk as the majority of the works relate to alterations to the internal layout of the existing buildings. Whilst there is always a planning risk with this type of project, the risk is perhaps exacerbated due to the uncertainty regarding the operation of local authority planning committees in the current climate.

8.32. A risk to delivery has also been identified due to the impact that COVID-19 is having on working practices in the construction sector. Whilst it may be possible for some work to continue onsite, if social distancing requirements can be met, construction programmes are likely to be longer as a result of the need for a reduced workforce to be onsite.

8.33. As indicated above, the GPF loan will be repaid through the sale of the homes created as part of the project. At this stage it is not known how much of an impact COVID-19 will have on the housing market and sales values. Time is required to fully understand the impact on both the housing market and the construction sector before a revised repayment schedule can be presented to the Board for consideration.

8.34. A revised repayment schedule will be presented to the Board in November 2020, however, at this time it is not expected that repayments will be delayed by more than 12 months.

No Use Empty Commercial

8.35. Kent County Council launched its ‘No Use Empty’ campaign in 2005, with the primary aim of improving the physical urban environment in Kent by bringing long-term empty properties back into use as quality housing accommodation.

8.36. The No Use Empty campaign has a proven track record, returning more than 6,300 empty homes back into use across Kent.

8.37. As part of round 2 of the GPF, Kent County Council received GPF loan funding of £1m for the No Use Empty Commercial Property Scheme, which has a total project cost of £4.53m. This scheme runs alongside the residential element of the No Use Empty scheme. The aim is to return long-term empty commercial properties to use, either as residential, alternative commercial use or for mixed-use purposes.

8.38. The project has been progressing well, with 12 sites under contract in Dover, Folkestone and Margate. To date, 17 residential units and 9 commercial units have been brought back into use through the No Use Empty Commercial project. Good progress has been made on the remaining units, with most properties 60% to 70% complete.

8.39. As a result of COVID-19 all ongoing works are on hold for the duration of the lockdown period, which will delay the completion of the planned works. At this stage, it is not possible to establish the duration of the delay as the Government has not yet clarified when lockdown will be lifted. Further analysis will be required once work can recommence.

8.40. Repayment of the GPF funding is dependent upon property owners being able to rent out or refinance their properties once work has been completed. At this stage, it is not known how much of an impact COVID-19 will have on the property sales and rental market.

8.41. Time is required to fully understand the impact on both the property sales and rental market and the construction sector before a revised repayment schedule can be presented to the Board for consideration. A revised repayment schedule will be presented to the Board in November 2020, however, at this time it is not expected that repayments will be delayed by more than 12 months.

Workspace Kent

8.42. The Workspace Kent Project is a project aimed at unlocking jobs and employment opportunities by enabling increased provision of business incubator space and other workspace. The GPF loan is managed by Kent County Council as a Challenge Fund open to private developers, public sector and third parties, in order to bring forward business premises that would otherwise not be developed. The project was awarded a GPF loan of £1.5m.

8.43. Through the Workspace Kent programme five projects have been supported. To date, four projects have been completed and the fifth project is due to start shortly.

8.44. Of these five projects one has repaid in full at this time, with three of the other projects currently within their repayment period. As outlined at the February 2020 Board meeting, there is an ongoing risk in relation to the repayment from one loan recipient. Repayments totalling £18,233 had been made by the loan recipient but then Kent County Council received individual voluntary arrangement (IVA) documentation from the loan recipient. The amount outstanding on the loan is £18,767. Kent County Council have now submitted their response and are awaiting the outcome of the IVA process, to find out whether there will be a payment made to creditors which could be applied to the outstanding balance.

8.45. In response to the COVID-19 pandemic, Kent County Council took the decision to apply a 12-month repayment free period from 28th March 2020 on all loans issued as part of this project. This is in line with an overarching approach by Kent County Council to support all their loan recipients.

8.46. Prior to submitting a revised repayment schedule for the project, Kent County Council need to fully understand the impact that COVID-19 has had on each of the recipient businesses. It will not be possible to analyse the extent of this impact until the most stringent restrictions have been lifted and businesses can begin their recovery. As a result, Kent County Council have indicated their intention to bring forward a revised repayment schedule to the Board for consideration in November 2020.

9. Fitted Rigging House - Proposed revised repayment schedule

9.1. The Fitted Rigging House project was awarded £800,000 GPF in April 2018, for the conversion of a Grade 1 former industrial building, at the Chatham

Historic Dockyard, into commercial office space and public benefit space. It was anticipated that the project would create 3,473m^2 of new office space, which would house businesses offering up to 300 jobs.

9.2. In June 2019, the Board approved the reduction in GPF ask from £800,000 to £550,000. This reduction was sought by the Chatham Historic Dockyard Trust due to the conversion of the Fitted Rigging House being delivered at a lower cost than initially anticipated.

9.3. The conversion was completed in March 2020 and created 3 large tenant spaces, 5 small business units, a new office for the Chatham Historic Dockyard Trust and a new library, archive and volunteer centre.

9.4. The building is fully occupied with 8 tenants operating from the site, which has resulted in the delivery of 190 jobs to date.

9.5. Prior to the onset of the COVID-19 pandemic, there was confidence that the GPF repayments could be made in line with the repayment schedule agreed in June 2019 due to the success of the project. However, the Chatham Historic Dockyard Trust have experienced immediate effects of the current crisis.

9.6. As landlord, the Chatham Historic Dockyard Trust, are committed to supporting their commercial tenants during this difficult period. This support is being offered in the form of rent holidays. It is hoped that by offering this support, businesses currently occupying the Fitted Rigging House will survive the current period of uncertainty and will have the opportunity to recover post COVID-19. This support, whilst valuable to the commercial tenants on the site, is having a significant impact on the cash flow position of the Chatham Historic Dockyard Trust.

9.7. Whilst support is being offered to the commercial tenants of the Fitted Rigging House, there remains a risk that not all of the businesses will survive the impacts of the COVID-19 pandemic. Should any businesses cease to operate at the site, this will further exacerbate the cash flow issues currently being experienced.

9.8. In addition, as noted in the report to Strategic Board on 17th April, the Chatham Historic Dockyard attraction has temporarily closed to the public as a result of the social distancing measures introduced by government. This closure has further impacted the cash flow position of the Chatham Historic Dockyard Trust.

9.9. As indicated under Section 5 of this report, due to the immediate effects of the COVID-19 pandemic on the Chatham Historic Dockyard Trust, it was not possible for the first repayment of £200,000 to be made in accordance with the agreed repayment schedule. As a result, a revised repayment schedule has been submitted for consideration by the Board, as set out in Table 3 below.

Table 3: Proposed revised repayment schedule for the Fitted Rigging House project

£	2019/20	2020/21	2021/22	2022/23	2023/24	Total
Repayment schedule						
Original repayment schedule	200,000	300,000	50,000	-	-	550,000
Updated repayment schedule	-	-	100,000	200,000	250,000	550,000

9.10. This repayment schedule reflects the Chatham Historic Dockyard Trust's best estimate at the current time, however, due to ongoing uncertainty regarding the longer-term impact of the COVID-19 pandemic on the economy, further amendments to the repayment schedule may be required over the course of 2020/21.

10. Charleston Centenary – Proposed revised repayment schedule

10.1. The Charleston Centenary project was awarded £120,000 in February 2018, for the creation of a destination café-restaurant. The Charleston Trust was optimistic that the new café-restaurant would attract a new type of visitor to the house, thereby introducing them to Charleston's cultural offer.

10.2. It was intended that the new café-restaurant would support additional employment and improve Charleston Museum's capacity to host large events, group visits and school trips. The presence of the new café-restaurant will enhance the visitor experience and will generate additional income which will support the cultural, educational and financial objectives of the Charleston Trust.

10.3. This work was part of a wider £7.6m multi-year scheme, known as the Centenary Project, which aimed to transform the operations of the Charleston Museum.

10.4. The project achieved practical completion on the 8th September 2018 and delivered a new café-restaurant facility in the converted Threshing Barn with more than twice the covers of the previous café, an auditorium and education space in the adjoining converted Hay Barn and new Wolfson gallery spaces with retail foyer.

10.5. The completion of the wider project has proved to be transformative for the Charleston Trust, with a number of festivals now held throughout the year, a concert programme, workshops and events for all ages and a gallery showing major exhibitions, alongside the café-restaurant which is used by both visitors and the local community.

10.6. Since 2017, the number of visitors to the site has more than doubled and it was expected that visitor numbers would continue to rise in 2020. However, due to the COVID-19 pandemic, the Charleston site has been forced to close for at least the duration of the lockdown period.

10.7. The Charleston Festival is held annually in May and generates a significant proportion of the annual income received by the Charleston Trust. As a result of COVID-19 it has become necessary to cancel the 2020 Charleston Festival despite strong early ticket sales. The combined impact of closing the site, particularly during the approach to peak season, and the cancellation of the Charleston Festival has resulted in the loss of a large proportion of the Charleston Trust's annual income.

10.8. As a result, as indicated under Section 5 of this report, the Charleston Trust were not able to make the first repayment of £53,000 in 2019/20 in accordance with the agreed repayment schedule.

10.9. There remains a high level of uncertainty regarding the extent to which the Charleston site will be able to operate during the remainder of 2020. It is expected that after the lockdown conditions are lifted, social distancing in some form will continue for a number of months. Due to the nature of the Charleston Museum, if social distancing measures remain, it will be impossible for groups to be admitted and it may not be viable for the house to open.

10.10. The Charleston Trust are investigating opportunities to make more use of the gallery space and gardens at the site; however, this is at an early stage of planning.

10.11. It is expected that there will be a significant reduction in visitor numbers and the associated income to the Charleston Trust for the remainder of 2020, and potentially into 2021.

10.12. As a result, a revised repayment schedule has been submitted for consideration by the Board, as set out in Table 4 below.

Table 4: Proposed revised repayment schedule for the Charleston Centenary project

£	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	Total
Repayment schedule							
Original repayment schedule	53,000	36,000	31,000	-	-	-	120,000
Updated repayment schedule	-	-	20,000	20,000	40,000	40,000	120,000

10.13. This repayment schedule assumes that the Charleston Museum and wider site are able to fully resume trading in 2021. It is also reliant on the success of ongoing fundraising, which it is hoped will help to bridge the trading deficit which is expected in 2020.

10.14. The Board will continue to be updated on this project and the impact that any subsequent Government directives regarding social distancing measures and the reopening of businesses in the tourism sector has on the ability of the Charleston site to operate.

11. Colchester Northern Gateway – Revised drawdown schedule

11.1. The Colchester Northern Gateway project is part of the overall Colchester Northern Gateway Vision which is to create a high quality, highly sustainable housing, employment, and leisure destination at one of the primary gateways to the town centre.

11.2. The wider Colchester Northern Gateway project will deliver:

11.2.1. The relocation of the existing Colchester Rugby club site to land north of the A12 which will unlock residential land for up to 560 homes;

11.2.2. On site infrastructure improvements facilitating the development of the Sports and Leisure Hub on the land north of the A12 which includes the relocated Rugby club facility;

11.2.3. Associated onsite and offsite highway improvements; and

11.2.4. Delivery of the new homes which can act as a catalyst to the remaining employment land.

11.3. The Colchester Northern Gateway project was considered by the Board in February 2018 and was awarded a £2m GPF allocation. This allocation will be used to bridge a funding gap which if not addressed could have resulted in development opportunities not being realised.

11.4. The project Business Case indicated that the GPF funding would be drawn down in its entirety in 2018/19. This was subsequently amended to show draw down of £1.35m in 2018/19, with the balance being drawn down in 2019/20. In April 2019, this was further amended to show draw down of £1.35m in 2019/20, with the balance being drawn down in 2020/21.

11.5. The latest project update indicates that the new Sports and Leisure Hub is currently under construction, with completion expected in August 2020. In addition, the work on the new rugby club is progressing well.

11.6. Despite the progress on the project, as it stands a loan agreement is not yet in place between the SELEP Accountable Body and Essex County Council in relation to this project, meaning that it has not been possible for any funding to be drawn down to date. It was anticipated that the required loan agreement would be in place prior to the end of 2019/20, allowing draw down of the initial

£1.35m as intended, however, this proved to not be possible as negotiations are ongoing regarding the terms of the agreement.

11.7. Due to the delays in finalising the loan agreement, a revised draw down schedule has been provided, as shown in Table 5 below:

Table 5: updated draw down profile for the Colchester Northern Gateway project

£	2019/20	2020/21	2021/22	Total
Drawdown schedule				
Previous drawdown schedule	1,350,000	650,000	-	2,000,000
Updated drawdown schedule	-	2,000,000	-	2,000,000

11.8. It is expected that the loan agreement will be sealed in the near future, allowing draw down of the funding as per the revised draw down schedule set out above. The loan agreement will be updated to reflect this revised draw down profile before it is signed.

12. Growing Places Fund Project Delivery to Date

12.1. A deliverability and risk update is provided for each GPF project in Appendix 1. A high delivery risk has been identified for the Innovation Park Medway (southern site enabling works) project, as the adoption of the Local Development Order (LDO) is required prior to commencement of the GPF southern site works. Adoption of the LDO is subject to statutory consultee comments being satisfactorily addressed, including comments raised by Highways England. A full update on the delivery of the wider Innovation Park Medway project is provided under agenda item 14.

12.2. A high risk in relation to delivery of project outcomes has been identified for the Workspace Kent project. Whilst approximately 147 jobs have been created or safeguarded as a result of the project to date, there is concern that the COVID-19 pandemic will result in delays in realising the remaining jobs outcomes. This is expected as loan recipients seek to safeguard and protect their current workforce during this crisis and as they seek to recover and become more resilient. It is therefore anticipated that new job creation will be delayed as a result of the pandemic.

12.3. A high overall project risk has been identified for the Javelin Way project. The project is experiencing a number of COVID-19 related impacts including the risk of extended construction period due to social distancing measures and uncertainty regarding the impact on the property sales market. In addition, there is a further risk regarding the discovery of a high voltage power cable on the site. Discussions are ongoing with UKPN to have the cable moved, however, due to the impacts of COVID-19 on statutory undertakers this process may take longer than usual.

12.4. The identified risks raise concerns regarding the delivery of the project and spend of the GPF funding, realisation of project benefits and the repayment of the GPF loan. This project will continue to be monitored and the Board will be updated as the impacts of the pandemic on the project become clearer.

13. GPF Round 3

13.1. On 4th October 2019 the Strategic Board agreed the approach for the prioritisation of the next round of GPF funding (round 3). Following agreement by the Board, the open call for GPF projects was issued on 8th October 2019.

13.2. The agreed approach consists of three stages, as set out below:

13.2.1. Stage 1 – Federated Area assessment, sifting and prioritisation of projects based on Strategic Fit, using information from the Expression of Interest form;

13.2.2. Stage 2 – Independent Technical Evaluator (ITE) assessment and scheme prioritisation by the SELEP Investment Panel, based on the Strategic Outline Business Case;

13.2.3. Stage 3 – SELEP Accountability Board funding decision.

13.3. A full update on progress was presented at the February Board meeting, and it was expected that an Investment Panel meeting would be held on 17th April 2020 to agree a SELEP wide prioritised list of GPF projects.

13.4. Subsequent to the February 2020 Board meeting, the onset of the COVID-19 pandemic prompted the decision to put the GPF round 3 process on hold. This decision was supported by the Strategic Board on the 17th April 2020 when it was agreed that the latest round of GPF investments should continue to be kept on hold until a full assessment of options for supporting economic recovery post COVID-19 can be made. The assessment of options available for supporting economic recovery post COVID-19 was presented to the Strategic Board at their meeting on 12th June 2020.

13.5. On 12th June 2020, the Strategic Board were asked to agree a GPF prioritised pipeline of projects, which would be used to inform the allocation of any available GPF funding during 2020/21, 2021/22 and early 2022/23. The Board agreed the following prioritised project pipeline:

Project	Federated Area	GPF ask (£)	Cumulative total (£)

Green Hydrogen Generation Facility	KMEP	3,470,000	3,470,000
Observer Building, Hastings (Phase 1)	TES	1,750,000	5,220,000
Barnhorn Green Commercial and Health Development (Phase 1)	TES	1,750,000	6,970,000
Wine Innovation Centre	KMEP	600,000	7,570,000
Leigh Port Quay Wall (Cockle Wharf)	OSE	3,500,000	11,070,000
Herne Relief Road – Bullockstone Road Improvement Scheme	KMEP	3,500,000	14,570,000
No Use Empty Commercial South Essex	OSE	1,000,000	15,570,000
No Use Empty Commercial Phase II	KMEP	2,000,000	17,570,000
Observer Building, Hastings (Phase 2)	TES	1,616,500	19,186,500
Barnhorn Green Commercial and Health Development (Phase 2)	TES	1,750,000	20,936,500
No Use Empty Homes Initiative	KMEP	2,500,000	23,436,500

13.6. As set out in section 13.4, an assessment of the options available for supporting economic recovery was also presented to the Strategic Board in June 2020. The options analysis included consideration of the GPF projects submitted as part of the current round of funding and the role that these projects could play in helping local economic recovery. This analysis was informed by information provided by all scheme promoters regarding the ongoing viability of their project proposals in light of the changing economic climate and the role that their project could play in supporting economic recovery post COVID-19.

13.7. The Strategic Board agreed that a hybrid package of economic recovery measures should be taken forward and it was agreed that these measures should be funded through the £22m of GPF funding which is currently available for reinvestment. The agreed package of measures includes:

13.7.1. £12m of investment in GPF round 3 projects;
13.7.2. £1m of investment to establish a revenue reserve to support the SELEP Secretariat operating budget during financial years 2021/22 and 2022/23;
13.7.3. £1m of investment in an extended Sector Support Fund programme, allowing the fund to continue to operate in 2020/21 and 2021/22;

13.7.4. £2m of investment to establish a COVID-19 Skills Fund to support COVID-19 recovery;
13.7.5. £2.4m of investment to establish a COVID-19 SME Business Support Fund; and
13.7.6. £3.6m of investment to establish a COVID-19 LGF Contingency Fund that would underwrite the risks to the LGF programme that have arisen due to the changes to the payment of the capital grant by central Government.

13.8. The Board is asked to approve the above application of the GPF funding, during this meeting, as part of the SELEP Finance Update report (agenda item 22).

13.9. The decision by Strategic Board to repurpose some of the GPF funding in order to deliver interventions which are designed to support economic recovery post COVID-19 means that the value of the GPF recyclable fund has been reduced by £10m. This will mean that less funding is available to support future investments, however, supporting economic recovery at this critical time is a key priority for the Strategic Board.

13.10. As set out in section 13.7.1, the Strategic Board agreed that £12m of the GPF funding currently available should be reinvested in GPF round 3 projects in accordance with the agreed GPF prioritised project pipeline. As a result of this decision, the following projects are expected to come forward to the Board for formal funding approval within the next 6 months:

13.10.1. Green Hydrogen Generation Facility
13.10.2. Observer Building, Hastings (Phase 1)
13.10.3. Barnhorn Green Commercial and Health Development (Phase 1)
13.10.4. Wine Innovation Centre
13.10.5. Leigh Port Quay Wall (Cockle Wharf)

13.11. Should, after further development work, any of these projects no longer be considered viable as a result of the impacts of the COVID-19 pandemic, the funding will be reallocated to the next project on the agreed prioritised pipeline.

13.12. The project pipeline will also be used to inform the reinvestment of GPF repayments made against existing projects during 2020/21 and 2021/22.

13.13. The Board will receive further updates on the GPF round 3 projects as work progresses to finalise the project Business Cases, with a view to securing formal funding approval.

14. Financial Implications (Accountable Body Comments)

14.1. 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. This assumes that all repayments are made as planned and considers the recommended repayment & drawdown rescheduling for three projects in this report.

14.2. If the loans detailed in this paper as at risk become a bad debt, under the terms of the credit agreement between Essex County Council and the lead/Unitary Authority, 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 these at risk projects and all GPF projects in train are being closely monitored by SELEP.

14.3. This GPF update paper does not report on delivery outcomes for projects, due to the impact of Covid-19 on data collection and the reporting from scheme promoters. It is noted that actual delivery of jobs and homes reported during 2019/20 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.

14.4. It is noted that GPF round 3 funding allocations during 2020/21 have been put on hold by the Strategic Board at its June 2020 meeting as SELEP responds to the Covid-19 crisis. A total of £27.012m (table 2) GPF is expected to be available at the end of the year.

14.5. There is a 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 reduction in the amount of GPF repaid by existing projects in 2020/21.

14.6. In June 2020 the Strategic Board agreed to utilise the available GPF in 2020/21 of £22.3m (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 decision by Strategic Board to repurpose the remaining GPF funding will be brought forward as a decision in the Finance Paper under Agenda Item 22.

15. Legal Implications (Accountable Body Comments)

15.1. Each award of GPF approved by the Board is supported by a Loan Agreement, which sets out the terms and conditions of the loan, and sets out the repayment schedule. Where changes are proposed to the project and/or repayment schedules, where an agreement is in place, a Deed of Variation will be required to amend the agreement and place the revisions within the terms of the Agreement.

15.2. The Agreements stipulate that the dates provided within the Drawdown Schedule are the earliest date by which a request to draw down the instalments can be made by the recipient authority. Accordingly changes to those dates and instalment values will require a deed of variation to the agreement currently in place, to ensure that the new Drawdown Schedule is brought within the terms of the Agreement.

16. Equality and Diversity implications (Accountable Body Comments)

16.1. 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.

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

16.3. 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.

17. List of Appendices

17.1. Appendix 1 – Growing Places Fund Project Summary

17.2. Appendix 2 – Growing Places Fund Repayment Schedule

17.3. Appendix 3 – Growing Places Fund Drawdown Schedule

18. List of Background Papers

18.1. Strategic Board Agenda Pack April 2020 (decision regarding flexibilities offered on the existing GPF programme)

18.2. Strategic Board Agenda Pack June 2020 (decision regarding GPF prioritised pipeline of projects and hybrid package of measures to support economic recovery post COVID-19)

(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 Peter Shakespear (On behalf of Nicole Wood, S151 Officer, Essex County Council)	 24/06/2020

Growing Places Fund Update Appendix 1										
					Deliverability and Risk					
Name of Project	Upper Tier Local Authority	GPF Round	Description	Current Status	Delivery Risk	GPF Spend Risk	Repayment Risk	Delivery of Project outcomes	Other Risks	Overall Project Risk
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 procurement process is now drawing to a close, following delays as a result of a number of contractors being understaffed due to COVID-19, and therefore not being able to meet the original submission date. 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.	Delivery of the project has been delayed due to COVID-19 impacts.	GPF spend may be impacted if delivery of the industrial units is delayed due to the impact of COVID-19 on sales values.	Repayment schedule is based on sales value of the industrial units before COVID-19. The repayment schedule may need to be deferred if sales values do not recover or if the expected sales programme is not met.	Delivery of project outcomes may be delayed depending upon the impact of COVID-19 on the project.	A high voltage cable has been found onsite. Discussions are underway with UKPN to have the cable moved.	Impact of COVID-19 on the sales market of industrial units and the construction sector is not currently known. A revised repayment schedule may need to be brought forward.
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	No update provided on repayment risk.	No update provided on delivery of project outcomes.		No update provided on repayment risk and realisation of project outcomes
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	Repayment of the GPF loan is dependent upon income from visitors. Due to COVID-19 visitor numbers have been severely impacted and this is expected to continue in the coming months.			
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 currently under construction with completion expected in August 2020. Outline planning application has been submitted to the LPA in relation to the proposed development on the site. There are ongoing discussions with Highways England in relation to the traffic impact of the proposals. A full planning application has been submitted to the LPA in relation to the first phase of infrastructure linked with the access roads. Alongside this a procurement process is underway to appoint a contractor to deliver these works.	There is no delivery risk at this stage as construction of the Sports Hub complex is progressing.	GPF draw down schedule has been amended due to delays in finalising the required loan agreement.	No update provided on repayment risk.	Project outcomes will be delivered as per the Business Case	No update provided	No update provided on project risks and repayment schedule.

Growing Places Fund Update Appendix 1											
					Deliverability and Risk						
Name of Project	**Upper Tier Local Authority**	**GPF Round**	**Description**	**Current Status**	**Delivery Risk**	**GPF Spend Risk**	**Repayment Risk**	**Delivery of Project outcomes**	**Other Risks**	**Overall Project Risk**
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^2 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.	Tenant spaces are now fully occupied, however, requests for rent holidays from commercial tenants have been received which has resulted in a delay to the repayment schedule.	Due to the COVID-19 pandemic there is a risk to the survival of the businesses that are housed within the Fitted Rigging House.		
Innovation Park Medway (southern site enabling works)	Medway	Round Two	The Project is part of a wider package of investment at Innovation Park Medway. The Innovation Park is one of three sites across Kent and Medway which together forms the North Kent Enterprise Zone. 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. The Project will bring forward site enabling works on the southern site at the Innovation Park.	Demolition of the disused building is now complete. Detailed design work is continuing in line with the Masterplan and draft Local Development Order. Once the Local Development Order has been adopted, the final design will be taken through the self-certification process and work will subsequently begin on site. There remains a risk to the adoption of the LDO as any comments submitted by statutory consultees must be satisfactorily addressed before the LDO can be taken forward. Discussions are ongoing with Highways England and Natural England.	Adoption of the Local Development Order is required prior to commencement of the GPF southern site works. Adoption of the LDO is subject to statutory consultee comments being satisfactorily addressed, including comments raised by Highways England.	Spend of the GPF funding may be delayed depending upon when it is possible to adopt the LDO. The design concept has been agreed and the detailed design is being progressed so that the self-certification process can commence as soon as the LDO is adopted. Options to accelerate delivery of the scheme are being reviewed to minimise spend delay.	Soft market testing to date indicates a high level of interest with businesses ready to take up plots as they become available. Capital receipts/business rates will then become available for repayments. However, development of the site is dependent upon the LDO being adopted.	Delivery of Project outcomes is dependent upon the LDO being adopted. Once the LDO is in place there will be minimal risk to the realisation of Project outcomes as there has been significant interest in the site.	The COVID-19 pandemic has impacted on the delivery programme, with an estimated two month delay reported.	

Growing Places Fund Update Appendix 1										
					Deliverability and Risk					
Name of Project	Upper Tier Local Authority	GPF Round	Description	Current Status	Delivery Risk	GPF Spend Risk	Repayment Risk	Delivery of Project outcomes	Other Risks	Overall Project Risk
Live Margate	Kent	Round One	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.	"Phase 1" has been completed. "Phase 2" is underway. 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. Work recommenced onsite on 2nd June, following the COVID-19 lockdown period. 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. Currently the GPF funding is being used to support the creation of 62 new homes. To date 48 units have been completed and occupied.	Delays are expected due to COVID-19 impacts on working practices in the construction sector.	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.	COVID-19 has impacted on the construction sector and the time required to return derelict homes back into use. In addition, it is unknown at present how much of an impact COVID-19 will have on sales values of the new homes. Revised repayment schedule may need to be brought forward.	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.	As with any development project, there is a planning risk, although for the identified properties this is considered to be low risk.	Repayment and Delivery risk as a result of COVID-19 impacts.
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^2 (gross) of high quality industrial and office premises.	GPF invested, project complete and repayments are being made.	Project Complete	Project Complete and GPF funding spent in full	The COVID-19 outbreak may impact on the sale of plots, meaning that the repayment schedule may need to be revised.	Slower uptake of land than was initially anticipated has impacted on the delivery of project outcomes. Further site enabling works are being undertaken to mitigate planning risks.		
No Use Empty Commercial	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, 9 commercial and 19 residential units have been brought back into use.	As a result of COVID-19 all projects are currently in lockdown, which will delay project completion date.	The full £1.0m of GPF funding has been allocated to projects	The individual projects currently supported by No Use Empty Commercial have repayment dates which will fulfil the requirement to repay the first £500,000 by March 2021. However, due to COVID-19 impacts some borrowers may request a longer repayment schedule.	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.	As a result of COVID-19 impacts, a revised repayment schedule may be required.
Sovereign Harbour	East Sussex	Round One	The Pacific House project has delivered 2,345m^2 of high quality office space with the potential to facilitate up to 299 jobs. This is the first major development in the Sovereign Harbour Innovation Park in the A22/A27 growth corridor.	The Sovereign Harbour Innovation Mall (Pacific House) project is now complete and has delivered 2,345m^2 of high quality office space. Pacific House is currently 85% let and has delivered 218 jobs.	Project Complete	Project Complete	Risk to repayment schedule as a result of COVID-19. There may be reduced demand for units and vacant units may take longer than anticipated to let.		COVID-19 impacts - Q1 2020/21 rent waived for tenants, risk of business failures, loss of income and increased business rate charges on empty properties.	

Growing Places Fund Update Appendix 1

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
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 due to commence shortly, one project has been completed and has repaid in full, two projects are meeting their repayment schedule and one project is behind on their targeted repayment schedule.	Final project approved and will be commencing shortly.	The remaining funding will be spent on a fifth project which was approved in December 2019.	Kent County Council have offered all loan recipients a 12 month repayment holiday. This will impact on the GPF repayment schedule. 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.	Some job numbers have been delayed for approximately one year due to a new project build not completing in accordance with the agreed programme. The remainder of the project is on schedule for delivery and outcomes will be realised. 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.		Revised repayment schedule will be required as a result of the 12 month repayment free period offered by Kent County Council. The impact of COVID-19 on each loan recipient business is not yet fully understood and will need to be analysed before a revised repayment schedule is brought forward.
Bexhill Business Mall	East Sussex	Round One	The Bexhill Business Mall (Glover's House) project has delivered 2,345m^2 of high quality office space with the potential to facilitate up to 299 jobs. This is the first major development in the Bexhill Enterprise Park in the A259/A21 growth corridor.	Glover's House has been delivered. 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		
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 115 homes over 6 storeys with ground floor commercial space and 115 parking spaces.	Pre-commencement archaeology onsite works have been carried out. Initial pre-commencement planning conditions submitted for approval. Site remediation has commenced.	The location of the new substation is still to be agreed with UKPN. Discussions are ongoing with UKPN.	The GPF Funding has been spent.	Medway Council is comfortable with the current repayment schedule.	Development project will deliver 175 new homes and additional commercial space.	Project delays are expected as a result of the COVID-19 restrictions. Duration of the delay unknown at this stage.	
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
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.	The lease between the landowner and the Fisherman's CIC has now been signed. A contractor has been identified and contracts were about to be signed when the COVID-19 pandemic took hold. It is, however, still expected that work will commence onsite on August 2020.	Lease now signed meaning that work can commence on the project. To date COVID-19 has not impacted on the delivery of the project.	GPF allocation will be spent in full in 2020/21, following commencement of works onsite.	No risk to repayment schedule, assuming works continue to programme.	Objectives and deliverables are still as per the original Business Case, but will be delivered to a different timetable due to the delays encountered.		

Growing Places Fund Update Appendix 1										
					Deliverability and Risk					
Name of Project	Upper Tier Local Authority	GPF Round	Description	Current Status	Delivery Risk	GPF Spend Risk	Repayment Risk	Delivery of Project outcomes	Other Risks	Overall Project Risk
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.	
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	Enterprise zone is operational with 85% of space let.		Further works in the programme ongoing in Harlow that help improve the overall viability and attractiveness of the Enterprise Zone.
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. 270 jobs created through the project.	Project Complete	Project Complete	Project Complete and loan repaid in full.	All units fully occupied with enquiry waiting list. Expected job outcomes realised.		Project Complete
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^2 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^2 of high quality office space. To date the project has created 240 jobs, with the forecast of 440 jobs still achievable when the building is fully occupied. Havelock House has now been sold, which enabled full repayment of the GPF loan prior to the end of 2018/19.	Project Complete	Project Complete	Havelock House has been sold enabling full repayment to be made in 2018/19.	As the building has now been sold, it is difficult to obtain data regarding the number of jobs created as a result of the project		
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. The site was closed due to COVID-19 related restrictions but reopened in June 2020. Construction has now resumed, with social distancing measures in place.	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. Whilst work has now recommenced on site, the full impacts of imposing the required social distancing measures are currently unknown.	Overall the project is on track to deliver outputs and outcomes.
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 will be 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

Growing Places Fund Update Appendix 1											
					Deliverability and Risk						
Name of Project	Upper Tier Local Authority	GPF Round	Description	Current Status	Delivery Risk	GPF Spend Risk	Repayment Risk	Delivery of Project outcomes	Other Risks	Overall Project Risk
Harlow EZ Revenue Grant	n/a	n/a		n/a						
Revenue admin cost drawn down	n/a	n/a		n/a						

Appendix 2 - 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
Round 1 Projects													
Priory Quarter Phase 3	East Sussex	7,000,000	7,000,000	7,000,000	7,000,000								7,000,000
North Queensway	East Sussex	1,500,000	1,500,000	1,500,000	1,000,000	500,000							1,500,000
Rochester Riverside	Medway	4,410,000	4,410,000	4,410,000	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	300,000	3,475,000						4,600,000
Workspace Kent	Kent	1,500,000	1,500,000	1,437,000	1,176,633	76,400	8,400	8,400	8,600	9,600	11,200	200,767	1,500,000
Harlow West Essex	Essex/Harlow	1,500,000	1,500,000	1,500,000	1,500,000								1,500,000
Discovery Park	Kent	5,300,000	5,300,000	-	5,300,000								5,300,000
Live Margate	Kent	5,000,000	5,000,000	2,377,000	-	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000			5,000,000
Sub Total		**46,705,042**	**46,705,042**	**38,719,042**	**31,341,633**	**5,396,400**	**5,482,442**	**1,008,400**	**1,008,600**	**1,009,600**	**11,200**	**200,767**	**46,705,042**
Round 2 Projects													
Colchester Northern Gateway	Essex	2,000,000	-	-	-	-	2,000,000						2,000,000
Charleston Centenary	East Sussex	120,000	120,000	120,000	-	-	20,000	20,000	40,000	40,000			120,000
Eastbourne Fisherman's Quay and Infrastructure Development	East Sussex	1,150,000	575,000	575,000	-	1,150,000							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	303,262	-	-	1,597,000						1,597,000
Innovation Park Medway	Medway	650,000	170,000	147,275	-	50,000	600,000						650,000
No Use Empty Commercial	Kent	1,000,000	1,000,000	1,000,000	-	500,000	500,000						1,000,000
Sub Total		**9,067,000**	**6,012,000**	**4,695,537**	**-**	**1,700,000**	**6,817,000**	**220,000**	**290,000**	**40,000**	**-**	**-**	**9,067,000**
Total		55,772,042	52,717,042	43,414,579	31,341,633	7,096,400	12,299,442	1,228,400	1,298,600	1,049,600	11,200	200,767	55,772,042

Appendix 3 - 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	Total scheduled for drawdown
Round 1 Projects						
Priory Quarter Phase 3	East Sussex	7,000,000	7,000,000			7,000,000
North Queensway	East Sussex	1,500,000	1,500,000			1,500,000
Rochester Riverside	Medway	4,410,000	4,410,000			4,410,000
Chatham Waterfront	Medway	2,999,042	2,999,042			2,999,042
Bexhill Business Mall	East Sussex	6,000,000	6,000,000			6,000,000
Parkside Office Village	Essex	3,250,000	3,250,000			3,250,000
Chelmsford Urban Expansion	Essex	1,000,000	1,000,000			1,000,000
Grays Magistrates Court	Thurrock	1,400,000	1,400,000			1,400,000
Sovereign Harbour	East Sussex	4,600,000	4,600,000			4,600,000
Workspace Kent	Kent	1,500,000	1,500,000			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
Sub Total		**45,459,042**	**45,459,042**	**-**	**-**	**45,459,042**
Round 2 Projects						
Colchester Northern Gateway	Essex	2,000,000	-	2,000,000		2,000,000
Charleston Centenary	East Sussex	120,000	120,000			120,000
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	Kent	1,000,000	1,000,000			1,000,000
Sub Total		**9,067,000**	**6,012,000**	**3,055,000**	**0**	**9,067,000**
Total		54,526,042	51,471,042	3,055,000	-	54,526,042

Forward Plan reference number: (N/A)

Report title: SELEP Operations Update	
Report to Accountability Board	
Report author: Suzanne Bennett Chief Operating Officer	
Date: 19 June 2020	**For:** Information
Enquiries to: Suzanne.bennett@southeastlep.com	
SELEP Partner Authority affected: Pan-LEP	

1. Purpose of Report

1.1. The purpose of this report is for the Accountability Board (the Board) to be updated on the operational activities within the Secretariat to support both this Board and the Strategic Board. The report includes details on risk management following the declaration of the Covid-19 Pandemic and updates on items of governance. The financial update is now included in a separate report.

2. Recommendations

2.1. The Board is asked to:

2.1.1. **Note** the update on the implementation of the LEP Review, outcome of the 2019/20 Annual Performance Review and an update on compliance with the Assurance Framework.

2.1.2. **Note** the update on the impact of Covid-19 on the operations of SELEP and the identification of substantial risks associated to the crisis.

2.1.3. **Note** the Risk Register at Appendix 3.

3. LEP Review, Assurance Framework and Annual Performance Review

3.1. On 28 February 2020 South East LEP Ltd was registered with Companies House. The Board of Directors (Strategic Board) has 7 female members and 13 male members, giving a female representation of 35%, slightly in excess of the required one-third. Private sector members make up 70% of the Board, again this slightly exceeds the requirement that was set out in the LEP Review and that reflected in our local Assurance Framework (66%)

3.2. Federated Boards have now all conducted open and transparent recruitment processes and there is an audit trail of selection for each Board Member. Each of the permanent and co-opted Board Members have been through an induction process and are registered as Directors at Companies House.

3.3. Induction was planned to be delivered in person in advance of the first Strategic Board meeting on 20 March. Following the postponement of the meeting due to the introduction of social-distancing an approach to virtual induction was formulated very quickly. The virtual approach is made up of a You Tube video with supporting documentation to make a 'module'. Every Board Member was required to submit a statement confirming they had completed the module, giving a full audit trail. A number of Board Members have complimented the team on the module and the resource can be used for future inductions.

3.4. Following these final changes SELEP is now compliant with the recommendations of the LEP Review. Section 4 below updates the Board on the Implementation Plan that was in place to track to the actions required to comply with the LEP Review and the Assurance Framework 2019.

3.5. The Cities and Local Growth Unit has been undertaking the Annual Performance Review of LEPs since the start of the year. The review was made across three themes: governance, delivery and strategic impact. Strategic impact was assessed as either 'requirements met' or 'requirements not met' and the 'markings' for the other categories were:

- Exceptional
- Good
- Requires Improvement
- Inadequate

3.6. On 3 April the CLGU confirmed the outcomes of the Review for SELEP as the following:

- Strategic Impact – Requirements Met
- Governance – Good
- Delivery – Good

3.7. This assessment reflects the registration of SELEP Ltd at the end of February and shows an improvement over last year's rating. This assessment stands SELEP in a good position for the 2020/21 year. The resolution of the governance issues means that Secretariat can focus on the response to the Covid19 Crisis whilst ensuring the robust approach to governance and delivery is maintained.

3.8. The risks related to the LEP Review have now all been removed from the Risk Register.

4. Local Assurance Framework Implementation Plan 2019 and Assurance Framework 2020

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 Implementation Plan was created for the Assurance Framework 2019 as there were many changes to be implemented to comply with the Assurance Framework as a result of the LEP Review. The LEP Review work is now complete and the final version of the Implementation Plan 2019 can be found at Appendix 1.

4.3. The following actions have been completed since the last update the Board:

4.3.1. The South East LEP Ltd has been incorporated as a company limited by guarantee

4.3.2. The Strategic Board composition is now compliant with the requirements of the LEP review, including gender diversity

4.3.3. Recruitment has been completed in an open and transparent manner

4.3.4. The LIS has progressed, but this action will need to be reconsidered in the light of Covid-19

4.3.5. The Communication Strategy and Protocols has been adopted by the Strategic Board

4.3.6. The Terms of Reference have been adopted by the Strategic Board

4.4. The remaining outstanding actions from 2019-20 Implementation plan are:

4.4.1. the creation of a formalised agreement between the SELEP Ltd and the Accountable Body, which is still planned; and

4.4.2. The Local Industrial Strategy, which will require a review with guidance from Government in the light of Covid-19.

4.5. These two actions will be carried forward to the tracking for 2020/21. An assessment has been made of compliance to the requirements of the current Assurance Framework. Including the two actions carried forward, 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	The Directors of SELEP Ltd agreed to enter into this agreement on the 17th of April, and governance processes are being completed.

LIS	The LIS is awaiting detail from Government around adaptions given the current circumstances around Covid-19.
A formal agreement between SELEP Ltd and the Accountable Body for services provided	The Service Level Agreement is being developed but the completion date is currently unknown due to resourcing and prioritising during the Covid-19 Crisis. It is not anticipated that the lack of this agreement will create any issues in the operations of the LEP.
2020/21 Delivery Plan	The Delivery Plan was written for presentation in March 2020, but now requires a re-write due to Covid-19. This will be presented to the Strategic Board on completion.
2019/20 Annual Report	The Annual Report needs be presented at the AGM, which we are looking to rearrange in the autumn after the 2nd October Strategic Board meeting.

4.6. The Board will be updated on progress against these actions at their next meeting. There are ongoing actions that involve keeping deadlines relating to publishing or maintaining up-to-date information, which will continue to be reviewed.

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 2. Generally, all targets have been met with some improvements in Federated Board publishing times. The officers are using MS Teams to improve this further.

6. Covid-19 Crisis impact on Operations and Risk Register

6.1. Following the introduction of social-distancing protocols in the middle of March all members of the Secretariat are now working from home. New software has been rolled out by Essex County Council that has significantly assisted in the adaptation to home working and allows for meetings to be held remotely.

6.2. There were some concerns as to how both Strategic Board and Accountability Board could meet during the lockdown period, particularly for Accountability Board that operates under the regulations governing Local Authority Committees. The legislation that defines the regulations was changed as part of the Coronavirus Act 2020 and regulations have been updated to allow for virtual meetings.

6.3. The first meeting of the Strategic Board was held remotely on April 17. The Secretariat worked with the IT team at Essex County Council to source the correct video-conferencing solution to allow the meeting to be accessible to members of the public. The meeting worked well and the virtual approach is likely to be continued to be used for least some of the Strategic Board meetings post the Crisis.

6.4. The global pandemic has created a number of new risks to the operations of the partnership. The senior members of the Secretariat are now managing nine risks rated as ‘red’ on the RAG rating as opposed to four at the end of February. These risks and mitigations are detailed below.

6.5. Risks Related to the Team or Service Delivery

Increase in Scope of work (Risk Register reference 9)

6.5.1. As demonstrated by the increase in the number of red ranked risks, the Covid-19 Crisis has increased workloads across the team, further compounded by a wholescale shift to homeworking, introduction of new software applications to be used and team members also having to balance caring responsibilities and home-schooling. This presents a clear risk to the mental health of the team.

6.5.2. To help mitigate the pressures, the contracts for two temporary members of the team have been extended to the end of the calendar year, but the recruitment of additional members of the team is restricted by the financial risk that is highlighted below. The Management Team of the Secretariat are now meeting at least weekly to discuss how resource can be best utilised and tasks prioritised.

Covid-19 Secretariat Risk (Risk Register reference 34)

6.5.3. The Secretariat team is now 100% homebased following the introduction of social distancing protocols, being the national mitigation to address the spread of the Coronavirus. A small number of the team have been instructed to ‘shield’ for 12 weeks.

6.5.4. Business continuity plans have been put into place and third-party dependencies identified. As a small team there are large dependencies on key members of the Secretariat and even small numbers of the team being unable to work will have a large impact on the productivity of the team. Processes are being put into place to capture knowledge and ensure access to technology and online systems can be maintained but the risk cannot be entirely mitigated.

6.5.5. The most significant third-party dependency is on the Essex County Council IT network and banking arrangements. This risk is shared by all ECC services and is being managed by ECC. The second most significant third-party risk being the dependency on an external company to host the website. The team is working with the company concerned to mitigate this risk and they have provided assurances on their working arrangements during the lockdown period; however, they are a small company and therefore more exposed.

6.5.6. The risk to the mental health of the team due to increased workloads has already been raised above. There are additional pressures that the team are juggling including home-schooling children, providing support to vulnerable friends and families and supporting friends and family who are working on the front line. There is a very present risk to the mental health of all team members. Additional one to one sessions between managers and team members have been introduced and daily ‘all hands’ video calls are being held. The team are also being referred to the additional wellbeing resources that are being put into place by Essex County Council.

COVID-19 Work planning (Risk Register reference 36)

6.5.7. The impact of the Covid-19 Crisis is still being felt and will continue to resonate for many months if not years. The unprecedented nature of this event complicates the forecasting of the impact on the economy and understanding the response of Government to those impacts. This uncertainty is making it very difficult to plan activities beyond the next six to eight weeks in any meaningful way which further impacts on the workload pressures and mental health of the team.

6.5.8. The team is now working on an intelligence workstream that will give us better understanding of the impact locally. The Chair of SELEP is also a director of the LEP Network and this is allowing us to gain additional insight into the direction of travel by Government. We are working with colleagues in our neighbouring LEPs to share intelligence and to explore what support and interventions our businesses and economy will need in the Recovery phase and beyond. This should help us to shape our future activities but there is a high risk that there will be abortive work in the short term at the very least.

6.6. **Risks Related to Outcomes/Outputs of Programmes**

GPF Repayment and Outcomes (Risk Register reference 12)

6.6.1. At the 17 April meeting of Strategic Board, it was agreed that a flexible approach would be taken to the changing of repayment schedules for GPF Projects that are being adversely affected by the Crisis. In addition, where the delaying of repayments should incur interest charges, these charges will be waived for a period of 12 months starting from 1 April 2020.

6.6.2. The impact of the Crisis on the economy raises the risk that despite the support put into place for businesses by HM Government, a number of businesses could still be lost. A full analysis is being made of the capital programme to identify the individual projects that are most at risk.

6.6.3. The long-term impact of the lockdown on the economy is not known at time of publication. If there is not an economic bounce-back then there is a risk that the outputs and outcomes for both projects in flight and those already completed won't be realised. This is also being tracked by the Capital Programme Team and more details will be provided as the medium- and longer-term impacts become clearer.

Growth Deal Outcomes (Risk Register reference 19)

6.6.4. The risk that outcomes and outputs can't be achieved also applies to the projects funded by the Local Growth Fund. It is already clear that there is likely to be delays to some projects and these are covered in more detail in the Capital Programme Update report. This will be closely monitored by the Capital Programme team with issues flagged early to both the Board and to Government officials. This risk has been increased by the introduction of the LGF Review process which is detailed below at 6.7.6.

6.7. **Risk Relating to Funding or Financial Position**

Future Funding Levels (Risk Register reference 20)

6.7.1. There is now even more uncertainty on the future funding arrangements for LEPs. Local Industrial Strategy policy has been put on hold and it is assumed that will include any further details on the UK Shared Prosperity Fund (UKSPF). Depending on the impact of the Crisis on the economy and the shape and nature of the economic pickup following lockdown, policy may change from a purist productivity view (which had already begun to a degree following the General Election in December 2019) to one of resilience and recovery, in which case new funding packages would be expected and would need to be developed.

6.7.2. With no future investment funding identified it is unclear how the partnership will be able to deliver on strategies such as the Local Industrial Strategy or any economic recovery strategy that may be developed.

Future viability of the operational budget (Risk Register reference 38)

6.7.3. There is now a very large risk to the operating budget in 2020/21 and 2021/22. A large proportion of the operational budget is supported via the interest earned on capital balances held and the cut of base rates to 0.1% at the start of the Crisis means the level of receipts will be much lower than assumed at the time of budget setting.

6.7.4. This risk was covered in detail in the Financial Update. The loss of the income in 2020/21 is likely to be able to be managed through the application of reserves and a reduction in third party spend. However, as highlighted above, the workload for the team is very high and a restriction on being able to buy in additional support via consultants will mean that some activities may need to cease as highlighted in the Finance Update Report.

6.7.5. The 2021/22 budget is at even greater risk. Reserves are likely to be exhausted in the current year and there are no further capital funding steams identified, nor additional operational funding. This is being raised as a matter of urgency by the LEP Network. At the 12 June meeting of Strategic Board it was agreed that £1 million of GPF repayments would be used to set up a revenue reserve that could be used to partly fund the Secretariat budget in 2021/22 and 2022/23 and this has mitigated this risk in the short term.

LGF Non-Payment of final third of 2020/21 Capital Grant

6.7.6. As covered earlier in agenda item 5, Government has instigated a review of LGF Spend in this financial year and the final payment of the third of LGF capital grant not paid in May is contingent on LEPs providing satisfactory assurances around need for funding. Mitigations have been put into place but there remains a risk to this final tranche until the contingent requirements are met. This also increases the risk to the delivery of outcomes and outputs as highlighted above at 6.6.4.

6.8. **Risks related to service design and reputation**

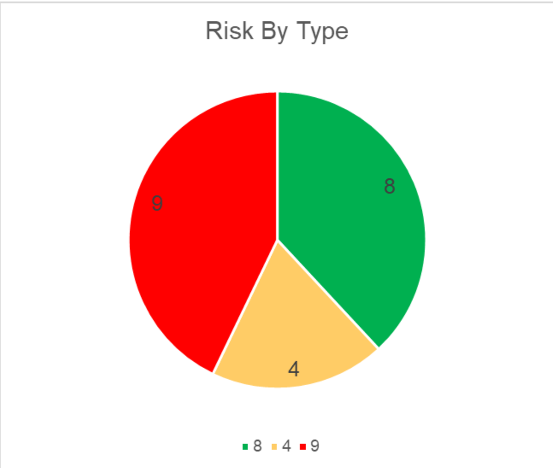
Covid-19 – Government Expectations

6.8.1. Government has already made a number of requests of LEPs to gather information and intelligence via the Growth Hubs. The role for LEPs to play in the Recovery phase is still unclear but given the already over-extended team and reduced funding there is a reputational risk that the partnership won’t be able to deliver to Government’s expectations. We have been informed that the Local Industrial Strategy (LIS) policy has been put on hold and there is a risk that as we move into the Recovery phase, large amounts of the evidence base will need to be recut and reconstructed to cover a wider set of indicators and information than just productivity. Again, there is a risk to the reputation of the partnership if we are not able to do this in line with Government’s requirement.

6.8.2. Government may also raise local businesses expectations on what support can be offered by LEPs in both the Respond and Recovery phases, potentially damaging our reputation with our local business base if we can't deliver due to restrictions in capacity and/or capability.

6.8.3. This risk is best mitigated through working with the LEP Network to ensure that ministers and officials understand how LEPs can respond and the resource implications of additional asks. The team is also beginning to gather intelligence on the impact of the Crisis that can be used to both add to the evidence base and to formulate and guide Government in shaping a role for LEPs in the Recovery phase and beyond.

6.9. In total the Management Team of the Secretariat are now tracking a total of 22 risks. A breakdown in the rating of those risks can be seen overleaf and details on the high and medium risks can be found in the Risk Register extract at Appendix 3.



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 22)

8. Financial Implications (Accountable Body comments)

8.1. The 2020/21 Core funding has been received by the Accountable Body. However, only two-thirds of the 2020/21 LGF allocation has been received, with no commitment from Government currently as to whether the outstanding £25.9m will be allocated. The implications for the LGF programme are considered in agenda item 5.

8.2. The delay in receipt and reduced allocation of the current year LGF funding is impacting interest earnt on capital balances which support the SELEP operational budget.

8.3. An additional impact on interest earnt on existing SELEP capital balances, is the recent drop in interest rates to 0.1% in response to the Covid-19 crisis. This will have a significant impact on the operational budget of SELEP if this interest rate is maintained throughout the year. The impact of this risk is considered further in the Finance update report (agenda item 22)

8.4. 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.

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

8.6. A risk is raised in Appendix 3 (ref 29) with regard to the LGF investments made by SELEP in Hadlow College, that went into Education Administration in 2019. The Accountable Body is working with the Secretariat and the administrators to understand the latest position with regard to the investments and to assess any requirements to repay any of the funding, where conditions are identified as not being met. The Board will be appraised of any further developments with respect to this risk, as appropriate.

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 1 – LAF Implementation Plan

10.2. Appendix 2 – Governance and Transparency KPIs

10.3. Appendix 3 – 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)

Role	Date
Accountable Body sign off Peter Shakespear (On behalf of Nicole Wood, S151 Officer, Essex County Council)	 24/06/2020

ASSURANCE FRAMEWORK MONITORING 2020-21

Updated June 2020

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

Stage 2: Developing Propositions/Intervention (wide consultation, drafting of the LIS and finalising evidence base)	December 2019	**Delivery Risk: MEDIUM** Two officers (part-time job share) are dedicated to this work solely. This is a large piece of work with many elements, including evidence gathering and consultations, but is currently on schedule. **Impact of non-delivery: HIGH** This is a key priority from the Government, and the SELEP would be non-compliant with Government, with a real risk to funding, without this strategy.	**COMPLETE** 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 6th Strategic Board meeting.
Stage 3: Government co-design	Presented for approval at January 2020 Strategic Board meeting, to be finalised/published with Government by March 2020.	**Delivery Risk: MEDIUM** Two members of staff (part-time job share) are dedicated to this work solely. This is a large piece of work with many elements, including evidence gathering and consultations, but is currently on schedule. **Impact of non-delivery: HIGH** This is a key priority from the Government, and the SELEP would be non-compliant with Government, with a real risk to funding, without this strategy.	**IN PROGRESS** A draft version of the LIS was presented for discussion at the January 2020 Board meeting. In the light of COVID-19, the LIS will need to be reviewed. We are awaiting more detail from Government.

Formalising the independent Secretariat

The independence of the Secretariat needs to be reflected and enshrined in the governance documentation.	**Deadline: 31st March 2020**	**Risk: MEDIUM**	**Status: IN PROGRESS**

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

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

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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 for 2019-20/ONGOING for 2020-21 (delayed by COVID-19)
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 (delayed by COVID-19)
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
To extend invitations to the Section 151 Officer or representative to all board meetings.	COMPLETE/ONGOING
To include in the Business Case Template assurance from the Section 151 Officer of the promoting authority that the value for money statement is true and accurate.	COMPLETE/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)?
12/04/19	Y
7/06/19	Y
13/09/19	Y
15/11/19	Y
14/02/20	Y
15/05/20	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)?	Meeting date	Met (Y/N)?	Meeting date	Met (Y/N)?	Meeting date	Met (Y/N)?
Accountability Board	12/04/19	Y	07/16/19	Y	13/09/19	Y	15/11/19	Y	14/02/20	Y		
Strategic Board	22/03/19	N	28/06/19	Y	04/10/19	Y	06/12/19	Y	31/01/20	Y		
Investment Panel	09/03/19	Y	28/06/19	Y								
SE	18/03/19	N	24/06/19	N	30/09/19	N	02/12/19	Y	27/01/20	Y		
KMEP	25/03/19	N	25/06/19	N	24/09/19	Y	26/11/19	Y				
OSE	13/02/19	N	25/06/19	N	11/09/19	Y	13/11/19	Y	04/03/20	Y		
TES	24/06/19	N	29/07/19	Y	30/09/19	Y	02/12/19	Y	16/03/20	Y		

Draft Minutes

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

Board	Meeting date	Met (Y/N)?	Meeting date	Met (Y/N)?	Meeting date	Met (Y/N)?	Meeting date	Met (Y/N)?	Meeting date	Met (Y/N)?
Accountability Board	12/04/19	Y	07/06/19	Y	13/09/19	Y	15/11/19	Y	14/02/20	Y
Strategic Board	22/03/19	N	28/06/19	Y	04/10/19	Y	06/12/19	Y	31/01/20	Y
Investment Panel	08/03/19	Y	28/06/19	Y						
SE	18/03/19	N	24/06/19	N	30/09/19	Y	02/12/19	N	27/01/20	Y
KMEP	25/03/19	N	25/06/19	N	24/09/19	N	26/11/19	N		
OSE	13/02/19	Y	25/06/19	N	11/09/19	N	13/11/19	Y	04/03/20	N
TES	18/03/19	N	24/06/19	N	30/09/19	N	02/12/19	Y	16/03/20	Y

Final Minutes

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

Board	Meeting date	Met (Y/N)?	Meeting date	Met (Y/N)?	Meeting date	Met (Y/N)?	Meeting date	Met (Y/N)?	Meeting date	Met (Y/N)?	Meeting date	Met (Y/N)?
Accountability Board	15/02/19	Y	12/04/19	Y	07/06/19	Y	13/09/19	Y	15/11/19	Y	14/02/20	Y
Strategic Board	07/12/18	Y	22/03/19	Y	28/06/19	Y	04/10/19	Y	06/12/19	Y	31/01/20	Y
Investment Panel	08/03/19	Y	28/06/19	Y								
SE	03/12/18	Y	18/03/19	Y	24/06/19	Y	30/09/19	Y	02/12/19	Y	27/01/20	Y
KMEP	28/01/19	N	25/03/19	N	25/06/19	N	24/09/19	N	26/11/19	N		
OSE	07/11/18	Y	13/02/19	N	25/06/19	N	11/09/19	N	13/11/19	N	04/03/20	Y
TES	28/01/19	Y	18/03/19	Y	24/06/19	N	30/09/19	Y	02/12/19	Y	16/03/20	Y

Registers of Interest- Board Members

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

Registers of Interest- Officers

Are registers of interest in place for all officers?

Category	Percentage completed
SELEP Secretariat	100%
Accountable Body	100%
Federated Board Lead Officers	100%

Declarations of interests in meetings

Are all interests declared and recorded in the meetings as a standing item with a note of any actions taken?

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

Business Case Endorsement

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

Board	Met (Y/N)?	Comments
LGF	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?

Meeting date	Met (Y/N)?
12/04/19	N (but were published in advance)
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
03/07/2020	Y

Date	Percentage of female board members (excluding co-opted)
24/05/19	18%
05/08/19	21%
28/01/20	25%
16/04/20	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
Risks Related to the Team/Service Delivery									
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 exacterbated by extended working from home arrangements and potential isolation impacting on the mental health of the team	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.	4	5	20	High	Cornonavirus has been classed a global pandemic by the WHO. There is a risk that the Secretariat could be infected and unable to work. Public Health measures introduced require all non-essential workers to remain at home. Some staff members with undertlying health issues have been instructed to self-isolate. The Secreratiat is a small team, and the impact of sickness absence would be felt very quickly. The risk of infection is slightly increased currently as lockdown measures are lifted. The pandemic itself and less than ideal working conditions may impact adversely on the mental health of the team	The introduction of Social Distancing is the main mitigation against large numbers of the team being unwell at the same time. WFH has been introduced for all members of the Secretariat and is working well. Early roll-out and support by ECC IT Team has assisted. CEO and COO continue to work on business continuity plans, identifying key dependencies and processes that could be postponed or ceased should a large proportion of staff not be available. The Management Team is now meeting weekly to discuss resourcing and ensure that all members of the MT are aware of areas of work.	All Man Team	Ongoing
36	**COVID-19 - Work Plan Risk** The impact of social distancing and the lockdown on the economy is not yet known and at time of writing it is unclear what the national exit from lockdown strategy is or the recovery plan. With such high levels of uncertainty it is very difficult to be able to plan for next steps	5	4	20	High	There is a risk that without a clear strategy that fits the new economy, a clear policy from HMG and the dynamic nature of crises that abortive work will be undertaken that can be ill-afforded given the other risks on workload pressures. This is an unprecedented event impacting on a globalised economy and beyond the experience of the team. If the economy is fundamentally altered by the lockdown then all strategies will need to be revised	Through the Chair's role on the LEP Network we will remain close to HMG developing Exit Strategy. Intelligence from the Growth Hubs and wider networks will be assessed and analysed. We will work closely with neighbouring LEPs to develop thinking on what the 'new normal' will look like	All Man Team	Ongoing
Risks Related to Outcomes/Outputs of Programmes									
12	GPF projects do not repay in line with original repayment schedules	5	4	20	High	GPF Projects are already requesting changes to repayment schedules due to the lockdown impact on the economy. There is a high risk that some of the projects won't be able to make repayments if the economy does not bounce back or does not bounce back in all sectors	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
19	Non achievement of Outcomes/Outputs of the Capital Programme	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. These outcomes were calculated on the assumptions of a pre Covid-19 economy. The extent to which the ecomony bounces back will impact the likelihood of this risk and different sectors are likely to be impacted to varying degrees. If the final third of LGF capital isn't paid (see risk 39), the delivery of those projects beyond the Growth Deal period and their associated outputs and outcomes will be at significant risk	A review of all projects is underway to understand the impact on the projects. A working group has been set up to analyse and gather intelligence on the impact of the lockdown on the SELEP economy which will be able to be used to assess whether outcomes/outputs are deliverable. Continued dialogue with HMG to manage their expectations. Mitigation of non-payment of final third of LGF can be seen under risk 39	RM	Ongoing

Ref	Risk Title and overview	Likelihood	Impact	Score	Rank	Description	Mitigation	Risk Owner	Dates/ Deadlines
Risks Related to Funding/Financial Position									
15	Grants aren't properly administered/applied and are clawed back by Government	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	Uncertainty of future capital funding	5	5	25	High	The final payments of Local Growth Fund are due within the current financial year. At time of writing there is no clarity on what funding, if any, will replace this. There has been a further round of LGF announced but no information on which LEPs will recieve this funding and on what basis. Without access to capital funding the ability of SELEP to implement and deliver against strategies will be very restricted and SELEP would have very little agency in the agenda	The LEP Network continues to work together to make the case for LEPs to play a pivotal role in the economic recovery from lockdown. Consultation papers on UK Shared Prosperity Fund (UKSPF) and Devolution are still due to be published in the summer and a strong position will be taken that LEPs have a role and need funding to able to drive economic growth post Covid19	AB/SB	Ongoing
38	Future viability of the operational budget	5	5	25	High	The operational budget is 40% funded through the receipts earned on capital balances. The uncertainty of what capital balances will be run through the SELEP in future puts the future viability of the operational budget at risk. Additionally the cut to interest rates made at the start of the Covid-19 crisis has impacted adversely on the interest earned on capital balances already held. The intention of HMG to pay LGF capital grant in two tranches further impacts this revenue stream	A working group of senior Board Members is supporting the Secretariat to explore other funding models for the team and scenario planning has been undertaken by the Secretariat and Accountable Body. Issues regarding the viability of LEPs has been raised with the LEP Network and is being raised with CLGU. Strategic Board approved the creation of a £1m revenue reserve funded from repurposed GPF monies as a fund of last resort to support Secretariat costs in 21/22 and 22/23	SB	Ongoing
29	Incorrect application of LGF grant awarded to Hadlow College	4	4	16	Med	£11m of LGF funding across 4 projects has been awarded to Hadlow College which has entered into Education Administration. There is a risk that some of this funding has not been correctly applied by the College. There is a further risk that the benefits related to the projects may not be realised. Although the grant has been correctly applied by the Accountable Body, there may be a view from HMG that not all conditions have been met by the college. In these circumstances there may be a requirement from HMG for the repayment of the grant	Communication with the Administrators continues but a clear view on whether the grant has been incorrectly applied has still not been reached. Discussions will be held with MHCLG to raise awarenesss of the issue and to agree any mitigations required. Provision may need to be made in the SELEP budget for any potential cost of clawback of funding. Further work is being undertaken to assess proportionate measures that could be implemented to protect investments in future as set out for risk 15	LA	Ongoing
38	LGF - non-payment of final third of 2020/21 grant monies	4	5	20	High	In May CLGU announced that there would be a review of the plans for the remaining spend of the LGF period (due to end 31 March 2021) to ensure all remaining LGF monies are needed. The review requires all LEPs to submit details on how their remaining monies will be used and provide assurances that all projects are under or close to contractual committment. Only two-thirds of the expected LGF capital grant was paid in May and the final third is contingent on CLGU being satisified with the input for the LGF Review	CLGU has advised that LEPs should use their 'freedoms and flexibilities' regarding spend of funds and on that basis all S151 Officers have agreed in principle to a capital swap process for any LGF funds that remain to be spent post March 2021. GPF has been repurposed to cover the current gap between approved allocations and funding paid by HMG to date. Strategic Board has agreed that local areas can identify which projects would bear the risk of reduced allocation should they wish to bring forward more projects before the review is complete. Submission of information for the Review was made in line with deadlines and we await feedback	RM	Sept 2020
Risks Related to Service Design and Reputation									
22	**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	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 expotentially 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's preferred model	Continued conversations on Growth Hub between the sub-hubs are ensuring more of a joint approach on areas of work where that is appropriate. No large scale changes to the Growth Hub model have been communicated from C Govt. Evidence on what business support will be needed when we move from Respond 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	**COVID-19 - HMG Expectations Risk** HMG antipacting 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 require a rapid refocus of strategies esp. LIS away from productivity which would require a substantial recrafting of the evidence base	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 future of the Growth Hub model should be discussed by Board members to ensure that it can both provide the support to local businesses and be reactive to HMG requirements. The Secretariat are working on intelligence gathering - collating information on the impact of Covid-19 on businesses during the Respond phase and into the Recovery phase. This intelligence can form part of an evidence base for any revised strategies	All Man Team	Ongoing

Forward Plan reference numbers: FP/AB/276

Report title: *Revenue Budget 2019/20 Provisional Outturn and Updated 2020/21 Revenue Budget*	
Report to Accountability Board	
Report author: Lorna Norris, Senior Finance Business Partner	
Date: 23rd June 2020	**For:** Decision
Enquiries to: lorna.norris@essex.gov.uk	
SELEP Partner Authority affected: *Pan SELEP*	

1. Purpose of Report

1.1 The purpose of this report is for the Accountability Board (the Board) to consider the provisional outturn position for the SELEP Revenue budget for 2019/20 and the update to the 2020/21 budget including specific grants.

2. Recommendations

2.1 The Board is asked to:

2.1.1 **Approve** the provisional outturn for the South East LEP revenue budget for 2019/20 in Table 1;

2.1.2 **Approve** the contribution of **£579,000** to General Reserves in Table 1;

2.1.3 **Approve** the recommended increase in the minimum level of reserves to £200,000, held to meet the costs of closure should SELEP cease to function;

2.1.4 **Approve** the updated 2020/21 SELEP revenue budget set out in Table 6, including the specific grants summarised in Table 5 (and detailed in Appendix 1);

2.1.5 **Approve** the application of the GPF Capital Grant as set out in Table 8 and summarised as follows:

2.1.5.1 Supporting the GPF Pipeline of Projects - £12.296m
2.1.5.2 Extension of the Sector Support Fund (SSF) - £1m
2.1.5.3 Establish a COVID-19 Skills Fund - £2m
2.1.5.4 Establish a COVID-19 SME Business Support Fund - £2.4m
2.1.5.5 Establish a COVID-19 LGF Contingency Fund - £3.596m
2.1.5.6 Contribution to reserves to support the SELEP Secretariat Budget in 2021/22 and 2022/23 - £1m

2.1.6 **Approve** the reallocation of COVID-19 LGF Contingency Fund of £3.596m to support the GPF Pipeline of Projects, in the event that Government confirms the allocation of at least this amount of the remaining third of LGF to SELEP.

2.1.7 **Note** that all GPF allocations will be subject to Board approval of their business case, in line with the SELEP Assurance Framework.

2.1.8 **Note** that both the COVID-19 Skills Fund and the COVID-19 SME Business Support Fund require Strategic Board to approve the criteria for allocation, in line with the SELEP Assurance Framework.

2.1.9 **Note** that any drawdowns from the SELEP Secretariat Budget Reserve will require approval from the Board.

2.1.10 **Note** that by the end of 2022/23, the level of reserves is forecast to be below the recommended minimum level and that further options to increase income or reduce costs will need to be identified to mitigate this risk as part of future budget planning.

3. 2019/20 Provisional Outturn

3.1 Table 1 details the total provisional revenue outturn position by the SELEP in financial year 2019/20; this anticipates a revenue surplus position of £579,000. In addition to the Secretariat budget, this table includes all spend funded by the specific revenue grants set out in table 2.

3.2 The provisional outturn position shows an increase in the underspend from the forecast position reported in February 2020 of £153,000. The budgeted position was a deficit of £400,000, to be funded from reserves, which means there is a variance of £979,000 against that original budgeted position.

Table 1 – Total SELEP Revenue Budget Provisional Outturn

	Provisional Outturn £000	Latest Budget £000	Variance £000	Variance %	Previous Reported Forecast £000	Forecast Movement £000
Staff salaries and associated costs	798	744	55	7%	829	(31)
Staff non salaries	25	39	(14)	-36%	26	(1)
Recharges (incld. Accountable Body)	236	209	27	13%	199	37
Total staffing	**1,059**	**992**	**67**	**7%**	**1,054**	**5**
Meetings and admin	48	66	(18)	-27%	124	(76)
Chair's allowance	22	20	2	9%	25	(3)
Consultancy and project work	455	1,146	(691)	-60%	489	(34)
Local Area Support	150	150	-	0%	150	-
Grants to third parties	1,339	1,864			1,658	(319)
Total other expenditure	**2,013**	**3,246**	**(1,232)**	**-38%**	**2,445**	**(432)**
Total expenditure	**3,073**	**4,238**	**(1,165)**	**-27%**	**3,499**	**(427)**
Grant income	(2,576)	(2,799)	223	-8%	(2,821)	244
Contributions from partners	(200)	(200)	-	0%	(200)	-
Other Contributions	-	-	-	0%	-	-
External interest received	(875)	(839)	(36)	0%	(905)	30
Total income	**(3,651)**	**(3,838)**	**187**	**-5%**	**(3,926)**	**274**
Net expenditure	**(579)**	**400**	**(979)**	**-244%**	**(426)**	**(152)**
Contributions to/from reserves	**579**	**(400)**	**979**	**-245%**	**426**	**153**
Final net position	**-**	**-**	**-**	**0%**	**-**	**0**

3.3 External interest received was £36,000 higher than budgeted; this is a worsened position of £30,000 compared to the December forecast. This reduction is due to the reduced interest rates that have been in place since the outset of the COVID-19 emergency. The interest received was higher than budgeted, however, due to higher than planned balances held in relation to the Local Growth Fund (LGF) programme and the Growing Places Fund (GPF) programme, that are accruing interest; separate updates on these programmes are included in the agenda for this meeting.

3.4 Table 2 sets out the provisional outturn position for the specific revenue grants allocated to SELEP; specific grants are generally allocated with conditions for use that must be adhered to. In the majority of grants, the funding is used, in whole, or in part, to support staffing resource within the Secretariat or is used to support partner or third-party costs to deliver the required outcomes. Where grants have not been fully applied in year, these are proposed to be carried forward into 2020/21 as part of the updated budget set out in section 4.7.

Table 2 – Specific Grants Provisional Outturn

Grant	Grant brought forward £000	Grant Received £000	Grant Applied £000	Grant Carried Forward £000
GPF Revenue Grant	(2,065)	-	488	(1,577)
Growth Hub	-	(688)	688	-
Brexit Readiness Funding	-	(186)	142	(44)
Skills Analysis Panels (SAP) Grant	-	(75)	31	(44)
Local Digital Skills Partnership Catalyst Grant	(75)	(150)	42	(108)
Delivering Skills for the Future	-	(193)	136	(57)
Careers Enterprise Company (CEC)	(35)	(73)	108	(0)
Energy Strategy Grant	(7)	-	-	(7)
Total Grant Income Applied	**(2,181)**	**(1,364)**	**1,634**	**(1,837)**
SELEP Core and Capacity Grants	-	(942)	942	-
Total Revenue Grant Income Applied	**(2,181)**	**(2,307)**	**2,576**	**(1,837)**

3.5 The provisional outturn position for the general reserve at the end of financial year 2019/20 can be found below in Table 3.

Table 3 – Forecast Reserves

	Provisional Outturn £000	Latest Budget £000
Opening balance 1st April 2019	748	748
Planned Utilisation		
Planned contribution (withdrawal) 19/20	579	(400)
Adjustment to replenish grant	(20)	
Total	**559**	**(400)**
Balance remaining	**1,306**	**348**
Minimum value of reserve		**165**

3.6 The forecast outturn reserves position has moved from a budgeted withdrawal from reserves of £400,000 to an increase of **£579,000**; this will increase the balance held to support future costs, to £1.3m.

3.7 This positive movement in the reserves position has predominantly arisen due to the receipt of an additional £400,000 of one-off grant funding from Government to support the implementation of the LEP Review requirements. The allocation of this funding had not been advised at the point that the budget was set, however the associated activities had been planned for. Further, the requirement to focus on the implementation of the LEP review has meant that less project and consultancy activity took place, than planned, which has resulted in an underspend of £691,000 compared to the budgeted position; this amount is offset, in part, by an increase in spend on staffing costs of £67,000 to support the provision of this activity directly.

3.8 This movement in the planned spend highlights the challenges of the funding approach applied by the Government for LEPs; confirming funding only at the outset of each financial year and provision of funding with restrictions on use, does not support effective planning and delivery by LEPs. This concern has been raised with Government on several occasions, but they have yet to provide any certainty or stability of future funding arrangements.

3.9 The minimum level of reserves is currently set at **£165,000**; this minimum value is set to ensure that sufficient funds are available to support any wind down costs of SELEP, should these be required. The latest review of these costs, based on the staffing levels of the SELEP Secretariat into 2020/21, suggests that it would be prudent to increase this value to **£200,000**, to ensure that sufficient funding is in place.

4 SELEP Revenue Budget 2020/21

4.5 A budget for 2020/21 was agreed by the Board in November 2019; however, since that point, a number of risks to the agreed budget have been identified for consideration by the Board. Further, details on some of the specific revenue grants is now available, making it appropriate to agree the budget for these now.

4.6 **Risks**

4.6.1 <u>Funding</u>

4.6.1.1 The Government only confirms funding for SELEP on an annual basis; this increases the risk to delivery partners and the overall sustainability of the SELEP. This risk was exacerbated for 2020/21 with the delayed confirmation and receipt of the core revenue and LGF funding for this year. One third of the LGF allocation, £25.9m, remains unconfirmed, placing uncertainty on delivery of the remaining programme – this issue is considered further in agenda item .

4.6.2 External interest received

4.6.2.1 Since the implementation of the Growth Deal and the allocation of the local growth fund in 2015/16, the responsibilities and expectations of LEPs has grown exponentially. As a consequence of this, the SELEP team has increased in size to accommodate the additional responsibilities; these responsibilities, however, have not seen an associated increase in core funding support from Government, with the exception of 2019/20, which allocated £400,000 of additional one-off funding to support the implementation of the LEP Review requirements.

4.6.2.2 In order to meet the increased costs of the SELEP budget, it has been necessary to rely on interest received from the investment by Essex County Council's Treasury Management function of grants held in advance of use. In 2019/20, for example, 24% of total revenue spend was supported by external interest received.

4.6.2.3 The amount of interest received is dependent on two factors: The funding available to invest; and the prevailing interest rates. These two factors are considered in turn below.

4.6.2.4 2020/21 is the final confirmed year of the Local Growth Fund (LGF); this is the primary grant supporting the major investments made by the LEP since 2015/16 and has increased significantly the level of funding available to attract external interest. After 2020/21, no further funding has been committed by the Government to support future investment by the LEP. This will mean that balances available to attract interest receipts will be significantly diminished.

4.6.2.5 The late transfer of the 2020/21 LGF allocation has detrimentally impacted the interest earned to date in 2020/21; this position is exacerbated by the £25.9m of LGF that has been held back by Government – this not only puts at risk the delivery of the LGF programme, it means that interest receipts will be less than anticipated to support the SELEP budget.

4.6.2.6 Interest receipts are also expected to be significantly reduced in 2020/21 from that originally budgeted for in November 2019 (£736,000) due to the fall in interest rates as a result of the COVID-19 emergency. The current estimate (£79,000) included in the budget in Table 6, reflects the best estimate from the Essex County Council Treasury Management Team, but they flagged a high level of uncertainty with respect to this value.

4.6.2.7 Further, there remains considerable uncertainty with regard to the impact that Britain's Exit from the EU may have on interest rates and as such the forecast position may continue to change in this respect; this position is being closely monitored by Essex County Council's Treasury Management function who oversee the investment of the funds held, both in respect of the current year and future year impacts.

4.6.2.8 Mitigation of the risk of reduced income from interest receipts remains a challenge, however, it will continue to be monitored regularly through 2020/21, to assess the impact for the current and future years.

4.6.3 Reserves

4.6.3.1 The budget set in November 2019, planned for the use of the reserves to the agreed minimum value of £165,000. At the point the budget was agreed, the Board raised a concern re the risk of reducing the reserves to the minimum value for the future funding position of SELEP.

4.6.3.2 The provisional outturn position reported in table 1 identifies that the forecast reserves will be £979,000 more than anticipated when the budget was set, which, in part helps to mitigate that risk.

4.6.3.3 Since setting the budget, however, it has been viewed as prudent by the Accountable Body to reassess the minimum value of the reserves, as set out in 3.9 above. This value has been historically set to ensure sufficient funding would remain to offset any close-out costs associated with SELEP, primarily this would relate to redundancy costs of the SELEP team. The increase in the size of the team since this value was last assessed has resulted in a need to increase the minimum size of reserves to £200,000. This in turn reduces the level of reserves available to support the budget by £35,000.

4.6.3.4 Further, due to the risks identified with regards to future funding uncertainty, it is advised that the level of reserves is maintained at the highest affordable level in the context of the current budget priorities – this is considered further in section 4.7.8 below.

4.6.4 Hadlow College

4.6.4.1 The investments made in Hadlow College across 2015/16 and 2016/17, totalling £11m, present a risk should it be determined that the College had not correctly applied the funding allocated, which may then require a repayment of the grant to the Ministry of Housing, Communities and Local Government (MHCLG). Latest indications received from the college administrators suggests that of the £11m invested, £812,500 remains subject to further investigation re this risk.

4.6.4.2 Until this position is confirmed, it is necessary to ensure that SELEP continues to hold sufficient unringfenced funding to meet this commitment should it be required. The time remaining to conclude the current investigations by the administrators remains unclear. SELEP Secretariat and the Accountable Body are continuing to engage on this matter to confirm the on-going position re the investments made. A further update to the Board will be provided when the position is clarified.

4.6.5 Risk Mitigation

4.6.5.1 The Strategic Board agreed to prioritise £1m of the GPF Capital grant to establish a reserve for the Secretariat Budget for 2021/22 and 2022/23. This decision requires approval from the Board to utilise the GPF grant for this purpose and is considered further in section 4.8 below; any drawdown from the reserve will form part of the decision making by the Board to set the 2021/22 Secretariat budget in November 2020.

4.7 Updated 2020/21 Budget Proposals

4.7.1 The SELEP Secretariat revenue budget was agreed by Accountability Board at its meeting in November 2019. Since that time, the additional risks set out in section 4.6 have been identified and it is recommended that the budget is revised to take these into account.

4.7.2 The proposed updated budget for the Secretariat is set out in table 4 below. The key movements in the budget include:

4.7.2.1 A reduction in the assumed external interest of £657,000; this amendment continues to represent an on-going risk for the Secretariat budget; this has been mitigated by the following budget movements.
4.7.2.2 A reduction in planned spend on consultancy and project activity of £151,000.
4.7.2.3 A reduction in spend on meetings and administration costs of £41,000
4.7.2.4 A reduction in staffing costs of £216,000
4.7.2.5 An increased contribution from reserves of £250,000

Table 4: Comparison of the 2020/21 original Secretariat budget to the proposed 2020/21 revised Secretariat budget

	2019/20 Provisional Outturn £000	2020/21 Original Budget £000	2020/21 Revised Budget £000	2020/21 Budget Movement £000	2020/21 Budget Movement %
Staff salaries and associated costs	798	1,174	987	(187)	-16%
Staff non salaries	25	39	11	(28)	-73%
Recharges (incld. Accountable Body)	123	140	140	-	0%
Total staffing	**946**	**1,353**	**1,138**	**(215)**	**-16%**
Meetings and admin	48	85	44	(41)	-48%
Chair's allowance	22	34	34	(0)	0%
Consultancy and project work	273	441	290	(151)	-34%
Local Area Support	150	-	-	-	0%
Total other expenditure	**493**	**559**	**368**	**(191)**	**-34%**
Total expenditure	**1,439**	**1,913**	**1,506**	**(407)**	**-21%**
Grant income	(942)	(500)	(500)	-	0%
Contributions from partners	(200)	(200)	(200)	-	0%
Other Contributions	-	-	-	-	0%
External interest received	(875)	(736)	(79)	657	-89%
Total income	**(2,017)**	**(1,436)**	**(779)**	**657**	**-46%**
Net expenditure	**(579)**	**477**	**727**	**250**	**52%**
Contributions to/(from) reserves	**579**	**(477)**	**(727)**	**(250)**	**52%**
Final net position	**-**	**-**	**-**	**-**	**0%**

4.7.3 In addition to the position set out in the table above, the Secretariat has received, or is expecting to receive a number of specific grants in 2020/21 that were not confirmed at the time the budget was set in November 2019. A summary of these grants is set out in table 5 below.

4.7.4 Of the total revenue grant income received or expected to be received by SELEP in 2020/21, only £500,000 or 19.3% relates to general grants to support the operations of SELEP; the remainder is applied as specific grants, with associated conditions for use.

4.7.5 The Board is recommended to approve the expenditure budgets for the specific grants set out in table 5 and in detail in Appendix 1, noting that any material change will be reported to the Board at the first opportunity. A summary of each grant is set out in Appendix 1.

4.7.6 Included in table 5 is the Sector Support Fund (SSF) Grant. At the Strategic Board meeting on the 12th June, that Board agreed to prioritise an additional £1m to extend the SSF scheme. Taking this with the £206,500 carry-forward from 2019/20, gives a recommended scheme budget of £1.207m for 2020/21. This decision is considered further in section 4.8 below.

Table 5: 2020/21 Specific Revenue Grant Summary

Grant	Grant brought forward £000	Forecast Grant Received £000	Forecast Grant Applied £000	Grant Carried Forward £000
GPF Revenue Grant	(1,370)	-	-	(1,370)
Sector Support Fund	(207)	(1,000)	1,207	-
Growth Hub	-	(656)	656	-
Brexit Readiness Funding	(44)	-	44	-
ERDF Legacy Funds		(350)	350	-
Skills Analysis Panels (SAP) Grant	(44)	(75)	119	-
Local Digital Skills Partnership Catalyst Grant	(108)	-	108	-
Delivering Skills for the Future	(57)	-	57	-
Careers Enterprise Company (CEC)	(0)	-	0	-
Energy Strategy Grant	(7)	-	7	-
Total Grant Income Applied	**(1,837)**	**(2,081)**	**2,548**	**(1,370)**
SELEP Core and Capacity Grants	-	(500)	500	-
Total Revenue Grant Income Applied	**(1,837)**	**(2,581)**	**3,048**	**(1,370)**

4.7.7 Taking into account the revenue grants, the recommended revised 2020/21 revenue budget is set out in table 6 below:

Table 6: Revised 2020/21 SELEP Revenue Budget

SELEP - Total Revenue	2020/21 Revised Budget £000
Staff salaries and associated costs	987
Staff non salaries	11
Recharges (incld. Accountable Body)	371
Total staffing	**1,369**
Meetings and admin	44
Chair's allowance	34
Consultancy and project work	297
Local Area Support	-
Grants to third parties	2,310
Total other expenditure	**2,685**
Total expenditure	**4,054**
Grant income	(3,048)
Contributions from partners	(200)
Other Contributions	-
External interest received	(79)
Total income	**(3,327)**
Net expenditure	**727**
Contributions to/(from) reserves	**(727)**
Final net position	**-**

4.7.8 Reserves

4.7.8.1 The recommended budget set out in table 6 includes a proposed drawdown from reserves of £727,000 to ensure there is sufficient funding for the proposed expenditure. The impact of this drawdown will reduce the reserves to £579,000; this is higher than the recommended minimum value of £200,000, which is considered to be prudent given the uncertainties on the level of interest receipts that will be received in 2020/21 and future years.

4.7.8.2 Table 7 also exemplifies the level of reserves into 2021/22 and 2022/23, assuming the same level of drawdown is required to support the planned expenditure levels as in 2021/22. This exemplification assumes that the Board agrees to the proposed contribution to reserves in 2021/22 and 2022/23 set out in section 4.8 below.

4.7.8.3 It should be noted that under the current exemplifications, by the end of 2022/23, the level of reserves falls below the recommended minimum amount; this will need to be addressed through future budget planning to mitigate this risk, for example, through identification of options for additional income or reduced expenditure requirements.

Table 7: Reserves Forecast Summary

	2020/21 Revised Budget £000	2021/22 Forecast Budget £000	2022/23 Forecast Budget £000
Opening balance 1st April	1,306	579	352
Planned Utilisation			
Planned withdrawal	(727)	(727)	(727)
Forecast Contribution		500	500
Total	**(727)**	**(227)**	**(227)**
Balance remaining 31st March	**579**	**352**	**124**
Minimum value of reserve	**200**	**200**	**200**

4.7.9 The reserves position will continue to be actively monitored and reported to the Board on a quarterly basis, to provide assurance that sufficient funding remains available to support the activities of the SELEP during 2020/21 and future years.

4.8 Additional Budget Proposals

4.8.1 In addition to the budget position set out in table 6 above, the Board is recommended to approve the following package of measures to support the COVID-19 recovery and the Secretariat Budget in 2021/22 and 2022/23.

4.8.2 These measures were prioritised for funding by the Strategic Board on the 12th June 2020 and are to be funded by re-purposing £10m from the Growing Places Fund Capital Grant. A summary of the GPF position is set out as follows:

Table 8: Recommended Application of the GPF Capital Grant

	£'000	Comments
2020/21 GPF Opening Balance	**(25,347)**	
Approved Allocation to Projects	3,055	
GPF Available for Reallocation	**(22,292)**	
Strategic Board Agreed Use of the Grant:		
Support Measures		
Contribution to reserves for the SELEP Secretariat Budget	1,000	To support the budget in 2021/22 & 2022/23
Extension of the Sector Support Fund (SSF)	1,000	Allocated in line with the criteria agreed by Strategic Board
Establish a COVID-19 Skills Fund	2,000	Criteria for allocation to be agreed by Strategic Board
Establish a COVID-19 SME Business Support Fund	2,400	Criteria for allocation to be agreed by Strategic Board
Establish a COVID-19 LGF Contingency Fund	3,596	LGF contingency fund in the event that insufficient LGF is received to meet approved allocations
Total Support Measures	**9,996**	
Total Allocated to the GPF Pipeline	**12,296**	Allocations subject to approval by Accountability Board
Total GPF Applied	**22,292**	

4.8.3 It should be noted that all GPF allocations will be subject to Board approval of their business case, in line with the SELEP Assurance Framework. Further, that the following new funds require Strategic Board to approve the criteria for allocation, also in line with the SELEP Assurance Framework:

- COVID-19 Skills Fund (£2m)
- COVID-19 SME Business Support Fund (£2.4m)

4.8.4 The COVID-19 LGF Contingency Fund has been proposed to mitigate that the amount of LGF allocated to projects currently exceeds the amount of LGF confirmed to be received in 2020/21. In the event that this funding is not required, due to receipt of the outstanding LGF, this funding is recommended to be added to fund the GPF pipeline of projects (see agenda item 20).

4.8.5 As set out in section 4.6 above, a number of risks have been identified to the on-going Secretariat budget, including the significantly reduced opportunity to support the budget through external interest received on capital grant balances. For these reasons, one of the mitigation measures approved by the Strategic Board was to re-purpose £1m of GPF capital grant to reserves to support the Secretariat budget. The reserve funding will be available for financial years 2021/22 and 2022/23 and application of the reserve will be subject to Accountability Board approval.

4.8.6 Even with the additional £1m in reserves to support the Secretariat revenue budget from 2021/22, it is anticipated that the Secretariat budget will need to identify opportunities to reduce its budget requirement without additional funding being made available. This position will continue to be monitored through 2020/21 and considered by the Board in further detail in November 2020 when the proposed budget for 2021/22 will be presented.

4.8.7 At the SELEP Strategic Board in December 2019, a request was made to consider the inclusion of a local support grant in the 2020/21 budget. This grant has been applied in previous years as one-off funding, totalling £150,000, to recognise specific support required from local areas; this has previously included support for local Federated Boards to implement the requirements of the SELEP Assurance Framework and support for the implementation of the LEP Review requirements**.**

4.8.8 Given the challenges for the SELEP budget, it is not recommended to include a local support grant; a £150,000 grant would be the equivalent of 10.4% of the budgeted unringfenced income for SELEP in 2020/21 (this excludes the income from specific grants as there are restrictions on how this can be applied and a proportion of which is applied to local areas through separate agreements e.g. for growth hubs). If the external interest received falls below the budgeted level, this percentage increases.

4.9 **Increasing Assurance in Grant Allocations**

4.9.1 At the February meeting of the Board, an update was provided with respect to the Hadlow college payment risk and it was agreed that proportionate measures to increase assurance that future grant payments made on behalf of SELEP would be considered.

4.9.2 Since the Board meeting in February, the Internal Audit function of the Accountable Body have undertaken a review of SELEP activity, including a review of how Grant money is used by partners in ways that do not comply with terms and conditions. The Audit identified that SELEP itself does not have the staff resources for an extensive programme of preventative controls to mitigate the risks of grant misuse and the inability to enforce the clawback mechanisms due to the recipient's financial failure.

4.9.3 Reliance is, therefore, currently placed on the S151 (or equivalent) sign off from local partners at the end of each financial year to confirm that the grant has been spent in accordance with the conditions of the Grant Agreements in place.

4.9.4 To assist in mitigating the risk of grant misuse, Internal Audit are engaging with their counterparts in partner councils to raise awareness of these issues and to also understand whether there are existing sources of assurance over the use of SELEP grant money and financial stability of third parties which can be provided to SELEP. For instance, assurance could be from the partner's or third party's internal auditor, or other assurance providers such as project management teams. Feedback from partners is being gathered and will inform how SELEP and the Accountable Body can further mitigate the risks of non-compliance.

4.9.5 The agreed actions from the Audit include the following activities to be taken forward by the SELEP Secretariat: To implement a practical and risk-based approach to gaining a proportionate level of assurance that grant monies are being used for the purposes intended and the financial stability of third parties in receipt of grants. Assurance could be gained through:

- SELEP Secretariat (e.g. if possible, by visual inspection if business as usual takes them to sites of projects)
- evidenced assurance of financial stability where the recipient is judged to be at higher risk of financial failure
- greater use of partners' or delivery organisations' own assurance providers (e.g. internal audit teams or project management teams or specifically commissioned experts).

4.9.6 Any assurance measures to be applied will be assessed using a proportionate risk-based approach taking into consideration the financial stability of the recipient of the funding, the size of the allocation and the mechanisms in place to assure the funding through the legal agreements in place.

5 Financial Implications (Accountable Body comments)

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

5.6 The updated 2020/21 revenue budget is considered to be robust and the level of reserves held is appropriate; however, the level of anticipated external interest receipts remains a risk should interest rates remain low or cash balances held by the Accountable Body on behalf of SELEP be lower than forecast.

5.7 To mitigate this risk, it is not considered prudent to reduce the level of reserves to the minimum level of £200,000. Should the level of reserves remain as planned or increase through the year, this will help to support the Secretariat budget from 2021/22; should the level fall, it is likely that the activities and the staffing of the Secretariat will need to be reviewed again to ensure they can be afforded within the funding available.

6 Legal Implications (Accountable Body comments)

None

7 Equality and Diversity implication

7.5 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.

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

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

8 List of Appendices

12.1 Appendix 1 – Specific Grant Summary

9 List of Background Papers

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

Role	**Date**
Accountable Body sign off Peter Shakespear (On behalf of Nicole Wood, S151 Officer Essex County Council)	 23/06/20

Appendix 1

Specific Revenue Grant Summary

The following sets out further detail of the planned application in 2020/21 of the specific grants summarised in table 5 of the main report.

Table A: Total Specific Grant Expenditure Summary

Specific Grant Summary - Revenue	2020/21 Revised Budget £000
Recharges (incld. Accountable Body)	306
Consultancy and projects	7
Grants to third parties	2,235
Total Expenditure	**2,548**
Grant Income	(2,548)
Total income	**(2,548)**
Net position	**0**

Growing Places Fund Grant

The Growing Places Fund (GPF) grant was received from Government in financial year 2011/12. The vast majority of the £49.21m grant was awarded as capital to support the revolving infrastructure investment programme. However, a small element of the funding, £3.7m, was awarded as revenue. This funding has been used in the past to support some revenue costs of the GPF loan scheme and it was agreed at Strategic Board in June 2017 that it would also be used to contribute to a Sector Support Fund, whereby small amounts of revenue grant can be applied for by the working groups of the SELEP.

The SELEP Strategic Board Agreed on the 12th of June 2020 to repurpose £9.996m of the uncommitted GPF capital balances to provide funding to support the COVID-19 recovery; The Board is requested to approve the allocations set out in table 8 of this report. The remaining £12.2m held as at April 2020 is recommended to be allocated to the GPF investment pipeline that has been agreed by Strategic Board. Further details on the GPF Capital Programme are reported within Agenda item 20.

Included in the £9.996m of re-purposed grants is the recommendation to establish the following two new grants; the criteria for allocating the grants has still to be agreed by the SELEP Strategic Board:

- COVID-19 Skills Fund (£2m)
- COVID-19 SME Business Support Fund (£2.4m)

Note: the revenue GPF balance of £1.37m is not proposed to be applied in 2020/21 as a number of risks identified on the SELEP risk register remain unmitigated, including that relating to Hadlow College; this position will remain under review and an update provided to the Board as appropriate.

Sector Support Fund (SSF)

It was agreed by Strategic Board in June 2017, that a maximum of £500,000 would be available in each financial year for 2017/18, 2018/19 and 2019/20. At the end of 2019/20, £206,500 remained unallocated to Projects and is recommended to be carried forward into 2020/21 for allocation; to note, the Strategic Board has already endorsed two Projects to utilise £145,510 of this carry-forward at its meeting on the 12th June 2020. Further, at the same meeting, the Strategic Board agreed to repurpose a £1m of GPF Capital into the SSF.

Table B: SSF Expenditure Summary

Sector Support Fund	**2020/21 Revised Budget £000**
Grants to third parties	1,207
Total Expenditure	**1,207**
Grant Income	(1,207)
Total income	**(1,207)**
Net position	**-**

Growth Hub Revenue Grant

The Department of Business, Energy and the Industrial Strategy (BEIS) confirmed in April that the SELEP Growth Hub would receive £656,000 of funding for 2020/21; this continues the grant for a further year at the same value since 2017/18.

The grant conditions and principles of funding for 2020/21 remain very stringent and the Growth Hub programme will need to continue to ensure that it fits with the requirements.

In 2018/19, following the increased requirements of Central Government, a full-time post was established within the Secretariat to support the Growth Hub programme; the costs of the post will continue to be met in part through the grant in this year.

Table C: Growth Hub Grant Expenditure Summary

Growth Hub	**2020/21 Revised Budget £000**
Recharges (incld. Accountable Body)	45
Grants to third parties	611
Total Expenditure	**656**
Grant Income	(656)
Total income	**(656)**
Net position	**-**

To note, SELEP has been notified that it may receive an additional £234,000 in Growth Hub funding in 2020/21 to support COVID recovery activities; this funding is subject to application and confirmation by BEIS; as such it is not included in the table above. Assuming it is received, this funding will be reported on in the next Finance update to the Board.

Skills Analysis Panels (SAP) Grant

The Skills Analysis Panels (SAP) Grant has been allocated to SELEP for a further year for the purpose of building capacity, growing local capability sustainably and for producing high quality analysis to underpin the work of the SAP; the aim of the SAP is to help colleges, universities and other providers deliver the skills required by employers, now and in the future.

The SAP is a local partnership comprising of local employers, skills providers and local government to pool knowledge on skills and labour market needs, and to work together to understand and address key local challenges.

A total of £119,000 (including £44,000 carry-forward) is available to support the SAP primarily to fund a role int eh Secretariat to support the implementation and delivery of the aims of the SAP.

Table D: Skills Analysis Panel Expenditure Summary

Skills Analysis Panels (SAP) Grant	**2020/21 Revised Budget £000**
Recharges (incld. Accountable Body)	119
Total Expenditure	**119**
Grant Income	(119)
Total income	**(119)**
Net position	**-**

Local Digital Skills Partnership Catalyst Grant

Local Digital Skills Partnership Catalyst Grant has been awarded to SELEP to fund a member of the Secretariat to project manage and coordinate the local digital skills partnership. A further £75,000 has been allocated to SELEP for this purpose, which enables continuation of the role into 2020/21.

The partnership is a cross-sector collaboration, initiated by SELEP, to tackle local digital skills gaps.

Table E: Local Digital Skills Partnership Catalyst Grant Expenditure Summary

Local Digital Skills Partnership Catalyst Grant	2020/21 Revised Budget £000
Recharges (incld. Accountable Body)	98
Grants to third parties	10
Total Expenditure	**108**
Grant Income	(108)
Total income	**(108)**
Net position	**-**

Delivering Skills for the Future

The Delivering Skills for the Future Project is an SSF project being managed by SELEP on behalf of the Skills Working Group to provide bursaries and support for teacher training opportunities.

Table F: Delivering Skills for the Future Expenditure Summary

Delivering Skills for the Future	2020/21 Revised Budget £000
Grants to third parties	57
Total Expenditure	**57**
Grant Income	(57)
Total income	**(57)**
Net position	**-**

ERDF Legacy Funding

In June 2020 the Strategic Board agreed for the £349,000 ERDF Legacy Funding from MHCLG to be applied to support SME’s to pivot / adapt in Kent and Medway and East Sussex. This funding is will be allocated to the relevant lead authority subject to receipt of a planned programme spend and a grant agreement with the Accountable Body.

Table G: ERDF Legacy Funding Expenditure Summary

ERDF Legacy Fund	**2020/21 Revised Budget £000**
Recharges (incld. Accountable Body)	
Office expenses	
Consultancy and projects	
Grants to third parties	350
Total Expenditure	**350**
Grant Income	(350)
Total income	**(350)**
Net position	**-**

Additional Grants

In addition to those grants set out above, SELEP is also planning to spend the residual balances on the following grants:

Careers Enterprise Company (CEC) - £312
Energy Strategy Grant - £6,821.17