

ACCOUNTABILITY BOARD

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|--------------|---------------------------------|---|
| 10:00 | Friday, 02 July 2021 | Astor Pavilion, Kent Event Centre, Kent Showground, Maidstone ME14 3JF |
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The meeting will be open to the public either in person, online or by telephone. Details about this are on the next page.

Quorum: 3 (to include 2 voting members)

Membership

Sarah Dance
Cllr Kevin Bentley
Cllr Roger Gough
Cllr Rodney Chambers
Cllr Keith Glazier
Cllr Mark Coxshall
Cllr Ron Woodley
Simon Cook
Rosemary Nunn

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

For information about the meeting please ask for:

Lisa Siggins, Secretary to the Board

Telephone: 033301 34594

Email: democratic.services@essex.gov.uk

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.

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:

Board members: should be attending in person in the Astor Pavilion at the Kent Event Centre, Kent Showground, Maidstone ME14 3JF. Members that have arranged in advance to attend virtually as a non-voting participant 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.

Officers and members of the public:

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In person:

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Accessing Documents

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

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

| | | |
|----------|---|----------------|
| 1 | Welcome and Apologies for Absence | |
| 2 | Minutes of the last meeting | 6 - 13 |
| | To approve the minutes of the meeting held on 12 March 2021. | |
| 3 | Declarations of Interest | |
| | To note any declarations of interest to be made by Members in accordance with the Members' Code of Conduct | |
| 4 | Questions from the public | |
| | 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. | |
| 5 | SELEP Finance Update | 14 - 30 |
| 6 | Local Growth Fund Programme Update | 31 - 54 |

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|-----------|--|------------------|
| 7 | LGF (Local Growth Fund) - update on fulfilment of funding conditions | 55 - 60 |
| 8 | LGF (Local Growth Fund) High Risk Project Update | 61 - 77 |
| 9 | A26 Tunbridge Wells Junction and Cycle Improvements Package – project change request | 78 - 87 |
| 10 | A13 Widening project update | 88 - 94 |
| | Appendix A will be considered under Exempt items. | |
| 11 | LGF (Local Growth Fund) Lessons Learnt Report | 95 - 134 |
| 12 | LGF (Local Growth Fund) Additional Funding Awards | 135 - 174 |
| 13 | Getting Building Fund Programme Update | 175 - 194 |
| 14 | GBF (Getting Building Fund) Funding Decisions | 195 - 212 |
| 15 | Growing Places Fund Programme Update | 213 - 234 |
| 16 | GPF (Growing Places Fund) Funding Decision | 235 - 246 |
| 17 | Operations Update | 247 - 271 |
| 18 | Date of Next Meeting | |
| | To note that the next meeting will be held on Thursday 10 September 2021, venue to be confirmed. | |
| 19 | Urgent Business | |
| | To consider any matter which in the opinion of the Chair should be considered in public by reason of special circumstances (to be specified) as a matter of urgency. | |

Exempt Items

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

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

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

**20 A13 Widening project Update - CONFIDENTIAL
APPENDIX A**

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

21 Hadlow College CONFIDENTIAL VERBAL UPDATE

Information relating to the financial or business affairs of any particular person.

22 Urgent Exempt Business

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

Minutes of the meeting of the SELEP Accountability Board, held online on Friday, 12 March 2021

Present:

| | |
|----------------------|---|
| Sarah Dance | Chair |
| Cllr David Finch | Essex County Council |
| Cllr Roger Gough | Kent County Council |
| Cllr Rodney Chambers | Medway Council |
| Cllr Keith Glazier | East Sussex County Council |
| Cllr Ron Woodley | Southend Borough Council |
| Cllr Rob Gledhill | Thurrock Council |
| Marwa Al-Qadi | East Sussex County Council |
| Richard Bartlett | Barletts Seat Ltd |
| Suzanne Bennett | SELEP |
| Amy Bernardo | Essex County Council |
| Stephen Bishop | Steer |
| James Brett | Milton Studio |
| Chris Broome | Sea Change Sussex |
| Bernard Brown | Member of the public |
| Adam Bryan | SELEP |
| Lee Burchill | Kent County Council |
| Matthew Brown | Colchester Borough Council |
| Joanne Cable | Medway Council |
| Paul Chapman | Essex County Council |
| Katharine Conroy | Kent County Council |
| Ben Cuddihee | Kent County Council |
| Howard Davies | SELEP |
| Richard Dawson | East Sussex County Council |
| Helen Dyer | SELEP |
| Anna Eastgate | Thurrock Council |
| Amy Ferraro | SELEP |
| Chris Lee | Gladman |
| Ian Lewis | Opportunity South Essex |
| Gary MacDonnell | Essex County Council |
| Steve Mannix | Mercury Theatre |
| Gerrard McLeave | Thurrock Council |
| Stephanie Mitchener | Essex County Council (as delegated S151 Officer for the Accountable Body) |

| | |
|---------------------|--|
| Charlotte Moody | Essex County Council (Legal representative for the Accountable Body) |
| Rhiannon Mort | SELEP |
| Lorna Norris | Essex County Council |
| Sarah Nurden | KMEP |
| Vivien Prigg | Essex County Council |
| Tim Rignall | Southend Borough Council |
| Alex Riley | SELEP |
| Christopher Seamark | Kent County Council |
| Peter Shakespear | Essex County Council |
| Lisa Siggins | Essex County Council |
| Robert Willis | Essex County Council |
| Charles Wimborne | Somerlee |
| Katherine Wyatt | SELEP |

1 Welcome and Apologies for Absence

The following apologies were received:

- Rosemary Nunn
- Simon Cook

2 Minutes of the last meeting

An amendment was proposed to the minutes of the previous meeting to make clear the request for a lessons learnt report and the rationale for this work being required.

The minutes of the meeting held on Friday 12th February were agreed as an accurate record, subject to the amendment being made as proposed.

3 Declarations of Interest

Sarah Dance declared a non-pecuniary interest as the co-chair of Thames Estuary Production Corridor.

4 Questions from the public

There were none.

5 Getting Building Fund funding decision

The Accountability Board (the Board) received a report from Katherine Wyatt, SELEP Capital Programme Officer and a presentation from Steer, the purpose of which was for the Board to consider the award of £1,113,204 Getting Building Fund (GBF) to the Laindon Place Project (£790,000) and St George's Creative Hub project (£323,204).

Councillor Finch spoke in support of the Laindon Place project, advising that the project supports the aims of the Climate Commission in a drive to increase electric charging points which is one of the steps towards becoming carbon neutral.

Councillor Gledhill also spoke in support of the Laindon Place project, pointing out that electric charging points will be essential and the importance of getting the infrastructure in place now.

Councillor Gough spoke in support of the St George's Creative Hub project, advising that there is no planning risk associated therewith and stressed its importance to the local area and that it is within the aims of the Thames Estuary Growth Board.

Resolved:

1. **To Agree** the award of £323,204 GBF to the St George's Creative Hub project which has been assessed as presenting high value for money with low/medium certainty
2. **To Agree** the award of £790,000 GBF to the Laindon Place project which has been assessed as presenting high value for money with low/medium certainty, subject to written confirmation by Essex County Council, to confirm:
 - 2.1. Essex Highways have approved the public realm works; and
 - 2.2. The S73 application has been approved for the installation of the electric vehicle charging points.

6 GBF (Getting Building Fund) Update

The Board received a report from Katherine Wyatt the purpose of which was for the Board to consider the overall position of the Getting Building Fund (GBF) capital programme.

Councillor Chambers raised the issue of the risk regarding the second tranche funding due in 2021/22. He acknowledged the seriousness of the risk but also stressed his concern at the fact that this is a Government initiative and that if it did not provide the funding it would itself be subject to a high level of criticism.

He requested that an update be provided to Board members as soon as there was more information available. Rhiannon Mort advised that no formal decision had been made and that it was likely to be made in April/May. She confirmed that Board members would be advised accordingly.

Councillor Gough enquired about the position regarding the next projects in line to receive funding. It was confirmed that a decision in this regard will be made at the next meeting of the Strategic Board.

Councillor Finch spoke in respect of the Jaywick Market and Commercial Space, advising that Essex County Council were working closely with regards thereto with Tendring District Council and that a meeting was due to be held on 8th July regarding planning issues. He felt confident that matters would be resolved.

Resolved:

1. **To Note** that the Swan Modular Housing Factory Project has met three of four conditions of funding, as detailed in section 6.4 of the report
2. **To Agree** that the final condition against the Swan Modular Housing Factory Project, for the scheme promoters to obtain BOPAS accreditation of the steel fabrication process, should be removed.
3. **To Agree** a further extension of time to the time available for the Jaywick Market and Commercial Space to gain full planning consents to the end of July 2021
4. **To Note** the current forecast spend for the GBF programme for 2020/21 financial year of £20.4 million

7 Growing Places Fund funding decisions

The Board received a report from Helen Dyer, SELEP Capital Programme Officer the purpose of which was for the Board to consider the award of £4.5m Growing Places Fund (GPF) funding to the two projects (the Projects) detailed in Appendix B of the report. These projects were included in the GPF project pipeline agreed by Strategic Board on 12 June 2020.

Councillor Woodley advised that work was still ongoing in respect of the No Use Empty South Essex project, and that he was confident that it will be completed.

Resolved:

To approve the award of:

1. £1m GPF by way of a loan to support the delivery of the No Use Empty South Essex project, as set out in Appendix C, which has been assessed as offering High value for money with High certainty of achieving this; and
2. £3.5m GPF by way of a loan to support the delivery of the Herne Relief Road – Bullockstone Road Improvement Scheme project, as set out in Appendix D, which has been assessed as offering High value for money with Low/Medium certainty of achieving this. Noting that the funding will be transferred in two tranches, with the second tranche (£1.4m) dependent upon a successful outcome of the ongoing planning appeal. If the planning appeal is unsuccessful, the value of the GPF loan will be reduced to £2.1m (tranche 1 only).

8 M11 Junction 8 Project

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

Resolved:

1. **To Agree** the award of an additional £1 million Local Growth Fund (LGF) to the Project which has been assessed as presenting high value for money and high certainty of being achieved; and

2. **To Note** that Essex County Council has now provided confirmation through the S.151 Officer that the full funding package is in place for the Project.

9 Queensway Gateway Road Project Update

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

The Chair stated that she was keen to have as much discussion as possible in the public part of the meeting and that there had been a lot of public interest.

An update will be provided to the Strategic Board in June 2021, on the delivery of the Project.

The Board were updated on 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.

The Board received a confidential update from Richard Dawson.

Resolved:

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

2. **To Agree** that an update will be provided to Strategic Board in June 2021 to make them aware of the issues faced by the Project; and

3. **To Agree** that the Board will be provided with a further update on the Project, which sets out a clear delivery plan and associated milestones, at its meeting on 10th September 2021.

10 Bexhill Enterprise Park North project update

The Board received a report from Helen Dyer, the purpose of which was for the Board to receive a further update on the delivery of the Bexhill Enterprise Park North project (the Project).

The Board were advised that unfortunately the outcome of the planning process was still unknown.

Councillor Glazier acknowledged that the delay in respect of the planning process was unfortunate but spoke in support of Option 3 as set out in the report.

Councillor Gough felt that the Board had established a good principle of a September long stop date in respect of LGF funding.

It was pointed out that the date set out in Option 3 of the report should be 1st not 12th September.

Resolved:

To Approve the transfer of the outstanding allocation of £1.5m as a ring-fenced grant with a condition that all funding for the Project (£1.94m) must be returned within 4 weeks of notice of an unsuccessful planning appeal or by 1 September 2021 if full consents are not in place by that date.

11 A28 Sturry Link Road Project Update

The Board received a report (Appendix A was considered under Exempt items) from Rhiannon Mort, Capital Programme Manager, 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 advised the Board that the planning application for the project was considered by Kent County Council planning committee on 9 March but as yet no formal decision notice had been published. He did however advise that indications are that the application was narrowly rejected.

Rhiannon Mort proceeded to clarify the timeline regarding LGF funding, explaining the implications and the associated risks.

There followed a detailed discussion by the Board regarding the risks involved in delaying making a decision regarding funding. It was stated that the money should be spent wisely, as opposed to being spent within Government timeframes. It was felt that a detailed explanation should be provided to Government if the Board decided to delay the funding award. It was also felt that the reputation of the Board was more important than that of individual projects. The Board stressed the importance of the provision of a lessons learnt report.

At the end of the discussion it was felt that an alternative recommendation should be made, which is reflected below.

Resolved:

1. **To Agree** that LGF spend on the project remains on hold and the £4.656m LGF currently held by Essex County Council, as Accountable Body, continues to be held by the Accountable Body at the end of the 2020/21 financial year.
2. **To Agree** that planning consent must be in place for the Project by 1 September 2021
3. **To Agree** that a further update is provided to the Board on 2 July 2021 to set out the latest position of the Project.

12 A13 Widening LGF Funding Decision

Anna Eastgate, Assistant Director Lower Thames Crossing & Transport Infrastructure Projects, Thurrock Council and Rhiannon Mort SELEP Capital Programme Manager, SELEP the purpose of which was to provide an update to the Board on the delivery of the A13 widening project (the Project).

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.

Anna Eastgate provided a confidential update on the delivery of the project.

Resolved:

1. **To Agree** the award of an additional £1.5m LGF to the Project;
2. **To Note** that significant progress has been made since the last update and the project is entering the last 12 months of construction.

13 Kent and Medway EDGE Hub – LGF funding decision

The Board received a report from Helen Dyer, the purpose of which was for the Board to consider the award of additional Local Growth Fund to the Kent and Medway EDGE hub project

Resolved:

To Agree the award of an additional £901,128 to the Kent and Medway Engineering, Design, Growth and Enterprise Hub project which has been assessed as offering High value for money with High certainty of achieving this.

14 Local Growth Fund Additional Funding Award

This item was not considered by the Board, as no funding was made available to award to the projects listed in the report.

15 Any other business

The Chair offered her good wishes to all Members in respect of the forthcoming elections. She offered her personal thanks to Councillor Finch, who will not be standing for re-election, for all his contributions to the Board and wished him well for the future.

The Chair also advised of the sad news that Rhiannon Mort will be leaving SELEP for a new position at Surrey County Council. On behalf of the Board the Chair offered her thanks to Rhiannon for her incredible hard work and wished her well for the future.

16 Date of Next Meeting

The Board noted that the next meeting will take place on Friday 2nd July 2021 the venue to be confirmed.

17 Exclusion of the Public

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

18 Queensway Gateway Road Project CONFIDENTIAL APPENDIX B

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

Chair

Forward Plan reference numbers: FP/AB/422, FP/AB/423 and FP/AB/424

| | |
|---|----------------------|
| Report title: <i>Revenue Budget 2020/21 Provisional Outturn and Updated 2021/22 Revenue Budget</i> | |
| Report to Accountability Board | |
| Report author: Lorna Norris, Senior Finance Business Partner | |
| Date: 2 nd July 2021 | For: Decision |
| Enquiries to: lorna.norris@essex.gov.uk | |
| SELEP Partner Authority affected: <i>Pan SELEP</i> | |

1. Purpose of Report

- 1.1 The purpose of this report is for the Accountability Board (the Board) to consider the provisional outturn position for the SELEP Revenue budget for 2020/21 and the update to the 2021/22 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 2020/21 in Table 1;
- 2.1.2. **Approve** the contribution of **£354,000** from General Reserves in Table 1;
- 2.1.3. **Approve** the establishment of a ring-fenced reserve for the COVID-19 Skills Support Fund and to contribute the £2.096m balance of this fund to this reserve in 2020/21; and the approve the subsequent draw down of this funding to be applied in 2021/22 to deliver the initiative;
- 2.1.4. **Approve** the establishment of a ring-fenced reserve for the COVID-19 Business Support Fund and to contribute the £2.396m balance of this fund to this reserve in 2020/21; and the approve the subsequent draw down of this funding to be applied in 2021/22 to deliver the initiative;
- 2.1.5. **Approve** the proposed 2021/22 latest SELEP revenue budget set out in Table 6, including the specific grants summarised in Table 7 (and detailed in Appendix 1);
- 2.1.6. **Note** the on-going uncertainties regarding the future funding position for SELEP particularly in light of the LEP review and indications from Government that no new Capital monies will be made available through LEPs.

3. 2020/21 Provisional Outturn

- 3.1 Table 1 details the total provisional revenue outturn position by the SELEP in financial year 2020/21; this demonstrates a revenue deficit position of £354,000, to be funded from reserves. 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 under spend from the forecast position reported in February 2021 of £232,000. The budgeted position was a deficit of £727,000, to be funded from reserves, which means there is a variance of £373,000 against that original budgeted position.

Table 1 – Total SELEP Revenue Budget Provisional Outturn

| | Provisional Outturn | Latest Budget | Variance | Variance | Previous reported Forecast | Forecast Movement |
|---|------------------------|------------------|--------------|-------------|----------------------------------|----------------------|
| | £000 | £000 | £000 | % | £000 | £000 |
| Staff salaries and associated costs | 912 | 987 | (75) | -8% | 958 | (46) |
| Staff non salaries | 9 | 11 | (2) | -16% | 10 | (1) |
| Recharges (incl. Accountable Body) | 459 | 502 | (43) | -9% | 472 | (13) |
| Total staffing | 1,380 | 1,500 | (120) | -8% | 1,440 | (60) |
| | | | | | | - |
| Meetings and admin | 29 | 45 | (16) | -35% | 37 | (8) |
| Chair and Deputy Chair Allowance including oncosts | 39 | 34 | 5 | 15% | 39 | 0 |
| Consultancy and project work | 318 | 333 | (14) | -4% | 320 | (2) |
| Grants to third parties | 1,426 | 2,267 | (841) | 0% | 3,116 | (1,690) |
| Total other expenditure | 1,813 | 2,679 | (866) | -32% | 3,513 | (1,700) |
| | | | | | | - |
| Total expenditure | 3,193 | 4,179 | (985) | -24% | 4,953 | (1,760) |
| | | | | | | - |
| Grant income | (2,398) | (2,371) | (27) | 1% | (3,288) | 890 |
| COVID-19 grant income | (7) | (802) | 795 | -99% | (802) | 795 |
| Contributions from partners | (200) | (200) | - | 0% | (200) | - |
| Other Contributions | - | - | - | 0% | - | - |
| External interest received | (233) | (79) | (155) | 0% | (79) | (154) |
| Total income | (2,839) | (3,452) | 612 | -18% | (4,369) | 1,530 |
| | | | | | | - |
| Net expenditure | 354 | 727 | (373) | -51% | 586 | (232) |
| | | | | | | - |
| Contributions to/(from) Operational reserves | (354) | (727) | 373 | -51% | (586) | 232 |
| | | | | | | - |
| Final net position | - | - | - | 0% | - | - |

- 3.3 External interest received was £155,000 higher than budgeted. This increase is due to higher than planned Capital balances held in year in relation to the Local Growth Fund (LGF) programme, the Getting Building Fund programme and the Growing Places Fund (GPF) programme, that accrued higher than forecast interest. The LGF and GBF balances aren't sustained into 2021/22 however, due to the drive by Government to demonstrate spend of the funding by 31st March 2021(see section 4.10.2). 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 2021/22 as part of the updated budget set out in section 4.8.

- 3.5 Table 2 also sets out the position regarding the two COVID-19 Support initiatives for Business Support and Skills Support across the SELEP region. Spend against these initiatives in 2020/21 relates only to undertaking the respective Procurement exercises; the majority of these funds will be spent under contract in 2021/22 and are therefore proposed to be carried-forward into 2021/22 in a ring-fenced reserve.

Table 2 – Specific Grants Provisional Outturn

| Grant | Grant brought forward | Grant Received | Grant Applied | Grant Carried Forward |
|---|-----------------------|----------------|---------------|-----------------------|
| | £000 | £000 | £000 | £000 |
| GPF Revenue Grant | (987) | - | - | (987) |
| Sector Support Fund (SSF) | (1,590) | - | 196 | (1,394) |
| Growth Hub - Core Funding Grant | - | (656) | 656 | - |
| Growth Hub - Core Funding Supplemental Grant | - | (234) | 234 | - |
| Growth Hub - Peer Network Grant | - | (160) | 160 | - |
| Brexit Readiness Funding | (44) | - | 44 | - |
| EU Transition | - | (204) | 204 | - |
| ERDF Legacy Funds | - | (350) | - | (350) |
| Skills Analysis Panels (SAP) Grant | (44) | (75) | 119 | - |
| Local Digital Skills Partnership Catalyst Grant | (108) | - | 71 | (37) |
| Delivering Skills for the Future | (57) | (56) | 112 | (1) |
| Careers Enterprise Company (CEC) | (0) | - | 0 | - |
| Energy Strategy Grant | (7) | - | - | (7) |
| Developing High Streets | - | (10) | - | (10) |
| Total Grant Income Applied | (2,837) | (1,745) | 1,796 | (2,785) |
| SELEP Core and GBF Capacity Grants | - | (625) | 602 | (23) |
| Covid-19 Skills Fund | (2,000) | (100) | 4 | (2,096) |
| Covid-19 Business Support Fund | (2,400) | - | 4 | (2,396) |
| Total Revenue Grant Income Applied | (7,237) | (2,470) | 2,406 | (7,301) |

- 3.6 In addition to the above grants, the Accountable Body administers the following funds on behalf of SELEP, to support investment through grants or loans to third parties to support delivery of the SELEP priorities, including delivery of the Local Growth Fund, the Getting Building Fund and the Growing Places Fund. Further detail on these funds is available in the respective update reports in the Agenda.

Table 3: Summary of Funds Administered by SELEP in 2020/21

| Fund | Fund balance brought forward £000 | Forecast Funding Received / Repaid £000 | Forecast Funding Applied £000 | Forecast Fund Balance Carried Forward £000 |
|--|--------------------------------------|--|----------------------------------|---|
| Local Growth Fund (LGF) (MHCLG) | (41,412) | (78,512) | 114,778 | (5,146) |
| Local Growth Fund (LGF) (DfT) | (26,651) | (7,100) | 25,352 | (8,399) |
| Growing Places Fund (GPF) (on-going Loan Fund) | (18,947) | (4,595) | 7,725 | (15,817) |
| Growing Places Fund (GPF) reallocated to the priorities below: | | | | - |
| COVID-19 Skills Fund | (2,000) | - | 2,000 | - |
| COVID-19 SME Business Support Fund | (2,400) | - | 2,400 | - |
| Contribution to the Sector Support Fund (SSF) | (1,000) | - | 1,000 | - |
| Ring-fenced funding to support future year budgets | (1,000) | - | - | (1,000) |
| Getting Building Fund (GBF) | - | (42,500) | 42,500 | - |
| Total Funds | (93,410) | (132,707) | 195,755 | (30,362) |

Note: The Board agreed to reallocate £6.4m of the Growing Places Fund to introduce measures to support the COVID-19 recovery; the application of these measures is reflected in the revenue update tables within this report.

- 3.7 The provisional outturn position for the general reserve at the end of financial year 2020/21 can be found below in Table 4. In addition to the general reserves, two ring-fenced reserves are recommended to be established in relation to the COVID-19 Support Funds, as set out in section 3.5 and table 5 below.

Table 4 – General Operational Reserves in 2020/21

| | Provisional Outturn £000 | Latest Budget £000 |
|--------------------------------|-----------------------------|-----------------------|
| Opening balance 1st April 2020 | (1,326) | (1,326) |
| Planned Utilisation | | |
| Withdrawal in 2020/21 | 354 | 727 |
| Total | 354 | 727 |
| Balance remaining | (972) | (599) |
| Minimum value of reserve | (260) | (260) |

*Note: The Board agreed to increase the minimum level of reserves to £260,000 in November 2020

Table 5: Total Reserves Summary in 2020/21

| | Opening Balance £000 | In-Year Contribution £000 | In-Year Withdrawal £000 | Closing Balance £000 |
|--------------------------------|----------------------------|---------------------------------|-------------------------------|----------------------------|
| General Operational Reserve | (1,326) | | 354 | (972) |
| Ring-fenced Reserves | | | | |
| Covid-19 Skills Support Fund | - | (2,096) | - | (2,096) |
| Covid-19 Business Support Fund | - | (2,396) | - | (2,396) |
| Total Reserves | (1,326) | (4,493) | 354 | (5,465) |

- 3.8 The forecast outturn for the general operational reserves position has moved from a net budgeted withdrawal from reserves of £747,000 to a reduced withdrawal of **£354,000**; this leaves a balance held to support future costs of £972,000.
- 3.9 This positive movement in the general operational reserves position has predominantly arisen due to the receipt of £125,000 additional grant funding from Government to support the implementation of the Getting Building Fund (GBF) programme, of which £102,000 has been applied in 2020/21. 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, as set out in 3.3 above, interest receipts were higher than anticipated.
- 3.10 This movement in the planned spend highlights the challenges of the funding approach applied by the Government for LEPs; confirming funding at short notice compared to delivery timescales 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. The new LEP review provides Government with a further opportunity to address this.
- 3.11 The minimum level of reserves is currently set at **£260,000**; this minimum value is set to ensure that sufficient funds are available to support any wind down costs of SELEP, should these be required.

4. SELEP Revenue Budget 2021/22

- 4.1 A budget for 2021/22 was agreed by the Board in November 2020; however, since that point, further details on some of the specific revenue grants is now available, making it appropriate to agree the budget for these now. Also reflected is the impact of the grant and fund balances carried forward from 2020/21. This includes the drawdown from reserves of the funding for the Covid-19 support initiatives.

- 4.2 The latest budget proposal and forecast outturn position is set out in table 6 below; the forecast is currently in line with the latest budget. The overall contribution to reserves in the latest budget proposal shows a slight reduction of £19,000 in comparison to the position agreed in November 2020; this is due to a higher application than forecast of the GBF revenue grant in 2020/21, which enabled a reduced drawdown from reserves in that year – the net impact of this adjustment on general reserves therefore remains unchanged.

Table 6: 2021/22 Latest Budget and Forecast Summary

| | Original Budget (as agreed by board Nov 20) £000 | Latest Budget £000 | Budget Movement £000 | Forecast Outturn £000 | Forecast Variance to latest Budget £000 |
|---|---|--------------------------|----------------------------|-----------------------------|--|
| Staff salaries and associated costs | 1,101 | 1,101 | - | 1,101 | - |
| Staff non salaries | 10 | 10 | - | 10 | - |
| Recharges (incl. Accountable Body) | 281 | 366 | 86 | 366 | - |
| Total staffing | 1,392 | 1,477 | 86 | 1,477 | - |
| Meetings and admin | 40 | 40 | - | 40 | - |
| Chair and Deputy Chair Allowance including oncosts | 41 | 41 | - | 41 | - |
| Consultancy and project work | 309 | 472 | 163 | 472 | - |
| COVID-19 Support Programmes | - | 4,453 | 4,453 | 4,453 | - |
| Grants to third parties | 1,518 | 2,675 | 1,157 | 2,675 | - |
| Total other expenditure | 1,908 | 7,680 | 5,773 | 7,680 | - |
| Total expenditure | 3,300 | 9,158 | 5,858 | 9,158 | - |
| Grant income | (2,246) | (3,593) | (1,347) | (3,593) | - |
| GPF Contribution to Support Reserves | (1,000) | (1,000) | - | (1,000) | - |
| Contributions from partners | (150) | (150) | - | (150) | - |
| COVID-19 Support Fund | - | (4,493) | (4,493) | (4,493) | - |
| Other Contributions | - | - | - | - | - |
| External interest received | - | - | - | - | - |
| Total income | (3,396) | (9,235) | (5,840) | (9,235) | - |
| Net expenditure | (96) | (78) | 19 | (78) | - |
| Net Contributions to/(from) Operational reserves | 96 | 78 | (19) | 78 | - |
| Final net position | - | - | - | - | - |

- 4.3 Of the total revenue grant income received or expected to be received by SELEP in 2020/21, only £523,000 relates to general grants to support the operations of SELEP; the remainder is applied as specific grants, with associated conditions for use. The updated specific grants position is set out in table 7 below:

Table 7: 2021/22 Specific Revenue Grant and Fund Summary

| Grant | Grant brought forward | Grant Received | Grant Applied | Grant Carried Forward |
|---|-----------------------|----------------|---------------|-----------------------|
| | £000 | £000 | £000 | £000 |
| GPF Revenue Grant | (987) | - | - | (987) |
| Sector Support Fund (SSF) | (1,394) | - | 1,394 | - |
| Growth Hub - Core Funding Grant | - | (890) | 890 | - |
| Growth Hub - Peer Network Grant | - | (225) | 225 | - |
| ERDF Legacy Funds | (350) | - | 350 | - |
| Skills Analysis Panels (SAP) Grant | - | (75) | 75 | - |
| Local Digital Skills Partnership Catalyst Grant | (37) | (75) | 112 | - |
| Delivering Skills for the Future | (1) | - | 1 | - |
| Energy Strategy Grant | (7) | - | 7 | - |
| Developing High Streets | (10) | (6) | 16 | - |
| Total Grant Income Applied | (2,785) | (1,271) | 3,070 | (987) |
| SELEP Core and GBF Capacity Grants | (23) | (500) | 523 | - |
| Covid-19 Skills Fund | (2,096) | - | 2,096 | - |
| Covid-19 Business Support Fund | (2,396) | - | 2,396 | - |
| Total Revenue Grant Income Applied | (7,301) | (1,771) | 8,085 | (987) |

- 4.4 The Board is recommended to approve the expenditure budgets for the funding set out in table 7 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.

4.5 Risks

4.5.1. Funding

- 4.5.1.1.** 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 is exacerbated for 2021/22 as the Core funding contribution from Government of £500,000 has yet to be received at the time of writing this report. If this funding is not received, SELEP will need to review its budget position again to either increase the contribution from reserves, which places the future sustainability of the SELEP at risk, or to reduce planned expenditure in 2021/22. This position will remain under review with further proposals brought to the Board in September should the funding not be confirmed in the interim. Recent advice from SELEP's Area Lead contact has re-affirmed that the funding is to be allocated in 2021/22; this remains a risk to the budget however, until the funding is transferred.

4.5.2. Other Budget risks

- 4.5.2.1.** 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.
- 4.5.2.2.** In previous years, 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 capital grants held in advance of use. In 2019/20, for example, 24% of total revenue spend was supported by external interest received.
- 4.5.2.3.** 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.
- 4.5.2.4.** Capital balances held by the Accountable Body on behalf of SELEP have been significantly denuded following 2020/21, which saw the majority of the final Local Growth Fund (LGF) allocations being paid out to the respective Partners. In addition, the Getting Building Fund (GBF) was fully allocated; and decisions to reprioritise Growing Places Funding (GPF) to support COVID-19 recovery measures, has reduced the overall balance of that fund. A summary of this position is set out in table 3.
- 4.5.2.5.** The net impact of the lower capital balances brought forward from 2020/21 and the planned use of the new GBF funds leaves a lower than historic capital balance against which interest can be applied. Further, the very low or negative interest rates currently being experienced, meant that it was prudent not to assume external interest income in the budget for 2021/22 at this time. This position will remain under review.
- 4.5.2.6.** Mitigation of the risk of reduced income from interest receipts remains a challenge, however, it will continue to be monitored regularly through 2021/22, to assess the impact for the current and future years, especially in light of the new LEP review currently underway.

4.6 Reserves

4.6.1. The latest budget set out in table 6 includes a proposed revised contribution to reserves of £78,000 to ensure there is sufficient funding for the planned expenditure. This position takes into account the decision by the Board, in November 2020, to prioritise £1m of the GPF grant to contribute to the Operational reserve to support the Secretariat Budget across 2021/22 and 2022/23.

4.6.2. Table 8 summarises the level of Operational Reserves that will be available to support SELEP based on the budget proposals within this report. To sustain the service at the current level of delivery in the short term, SELEP will remain reliant on support from Government and contributions from Partners to supplement reserves; in the medium to long term, a more sustainable funding solution is required.

Table 8: 2021/22 Reserves Summary

| | Opening Balance £000 | In-Year Contribution £000 | In-Year Withdrawal £000 | Closing Balance £000 |
|--------------------------------|-------------------------------------|--|--|-------------------------------------|
| General Operational Reserves | (972) | (1,000) | 922 | (1,050) |
| Ring-fenced Reserves | | | | |
| Covid-19 Skills Support Fund | (2,096) | - | 2,096 | - |
| Covid-19 Business Support Fund | (2,396) | - | 2,396 | - |
| Total Reserves | (5,465) | (1,000) | 5,415 | (1,050) |

4.6.3. The reserves position will continue to be actively monitored, to provide assurance that sufficient funding remains available to support the activities of the SELEP during 2021/22 and future years.

4.7 Local Area Support Contributions to SELEP

4.7.1. When the budget was set, the local area support contributions that are required to secure the SELEP Core Funding from Government, were agreed by the Board in November 2020, as set out in Table 9 below. This reflected an overall reduction in local support contributions of £50,000.

Table 9: Agreed Local Area Support Contributions for 2021/22

| Name of Authority | Local area support £ |
|---------------------------------|---------------------------------|
| East Sussex County Council | (19,635) |
| Essex County Council | (53,820) |
| Kent County Council | (54,375) |
| Medway Council | (9,780) |
| Southend-on-Sea Borough Council | (6,300) |
| Thurrock Council | (6,090) |
| | |
| Total | (150,000) |

- 4.7.2. At that meeting, the Board requested that the allocation methodology of the Partner contributions be reviewed to confirm that it remains appropriate. It is advised that the following key principles should be taken into consideration in assessing the appropriate allocation methodology: Transparent (fair and understandable), stable and cost effective.
- 4.7.3. The current methodology allocates the funding on a per capita basis and this remains the recommended approach as is viewed as more equitable than linking to volume or value of Capital Investments. The pros and cons of each option and the respective impact is set out in appendix 2.
- 4.7.4. In summary, the benefits of continuing the link with population is that it is a largely stable metric, meaning allocations shouldn't vary substantially across the group between years, whereas linking it to projects could be more variable. Also, only 25-35% of the Secretariat budget is directly linked to managing the Capital programme currently and as the role of SELEP evolves under the LEP review, with no new capital investment anticipated, the appropriateness of this as a cost driver reduces further.
- 4.7.5. If, under the LEP review, the role of LEPs evolves to focus primarily on business support, then the allocation methodology could be applied based on the number of businesses; the impact of this would result in a similar distribution as the per capita basis, as set out in appendix 2.

5. Financial Implications (Accountable Body comments)

- 5.1 This report has been authored by the Accountable Body and the recommendations are considered appropriate.
- 5.2 The updated 2021/22 revenue budget is considered to be robust and the level of reserves held is appropriate. However, there remain budget risks into 2022/23, plus the additional uncertainties arising from the new LEP Review, meaning that the budget and associated services may need to be scaled back

from 2022/23.

- 5.3 The Accountable Body will continue to support the Secretariat in review the budget options for future years and in understanding the impact of any changes required as a result of the new LEP Review.

6. Legal Implications (Accountable Body comments)
None

7. Equality and Diversity implication

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

8. List of Appendices

- 8.1 Appendix A – Specific Grant Summary
8.2 Appendix B – Local Partner Contribution Allocation Methodology Analysis

9. List of Background Papers

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

| Role | Date |
|---|------------|
| Accountable Body sign off | |
| Stephanie Mitchener | 24/06/2021 |
| (On behalf of Nicole Wood, S151 Officer Essex County Council) | |

Specific Revenue Grant Summary

The following sets out further detail of the planned application in 2021/22 of the specific grants summarised in table 7 of the main report.

Table A: Total Specific Grant Expenditure Summary

| Specific Grant Summary - Revenue | Forecast Outturn £000 | Latest Budget £000 | Variance £000 | Variance % |
|------------------------------------|-----------------------------|--------------------------|------------------|---------------|
| Recharges (incl. Accountable Body) | 181 | 181 | - | 0.0% |
| Office expenses | - | - | - | 0.0% |
| Consultancy and projects | 214 | 214 | - | 0.0% |
| Grants to third parties | 2,675 | 2,675 | - | 0.0% |
| Contribution to Reserves | 1,000 | 1,000 | - | |
| Total Expenditure | 4,070 | 4,070 | - | 0.0% |
| Grant Income | (3,070) | (3,070) | - | 0.0% |
| Other Contributions | (1,000) | (1,000) | - | 0.0% |
| Total income | (4,070) | (4,070) | - | 0.0% |
| Net position | (0) | (0) | - | 0.0% |

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 Board agreed in July 2020 to repurpose £6.4m of the uncommitted GPF capital balances to provide funding to support the COVID-19 recovery; this position is summarised in table 3 of the main report.

Included in the £6.4m of re-purposed grant is the following two funds:

- COVID-19 Skills Fund (£2m)
- COVID-19 SME Business Support Fund (£2.4m)

Sector Support Fund (SSF)

It was agreed by Strategic Board in June 2017, the £1.5m of the GPF revenue grant would be used to establish a fund to support Pan-LEP projects. In July 2020, the Board agreed to re-purpose £1m of the GPF loan fund to extend the SSF scheme to support COVID recovery projects and projects to support Brexit activities. At the end of 2020/21, £0.126m remains unallocated to Projects, with £1.268m allocated to Projects but as yet not transferred to Local Partners. The total balance £1.394m is recommended to be carried forward into 2021/22.

Table B: SSF Expenditure Summary

| Sector Support Fund | Forecast Outturn £000 | Latest Budget £000 | Variance £000 | Variance % |
|------------------------------------|-----------------------------|--------------------------|------------------|---------------|
| Recharges (incl. Accountable Body) | - | - | - | |
| Office expenses | - | - | - | |
| Consultancy and projects | - | - | - | |
| Grants to third parties | 1,394 | 1,394 | - | |
| Total Expenditure | 1,394 | 1,394 | - | |
| Grant Income | (1,394) | (1,394) | - | |
| Total income | (1,394) | (1,394) | - | |
| Net position | - | - | - | |

Growth Hub Revenue Grant

The Department of Business, Energy and the Industrial Strategy (BEIS) confirmed in May 2021 that the SELEP Growth Hub would receive £890,000 of funding for 2021/22.

The grant conditions and principles of funding for 2021/22 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. In addition, a Data Intelligence Officer post will be funded within the Secretariat during 2021/22, along with strategic, centrally lead project work on activities such as evaluation of the Growth Hub model, CRM and website optimisation, and Cluster level work focused on key Growth Hub topics.

Table C: Growth Hub Grant Expenditure Summary

| Growth Hub | Forecast Outturn £000 | Latest Budget £000 | Variance £000 | Variance % |
|------------------------------------|-----------------------------|--------------------------|------------------|---------------|
| Recharges (incl. Accountable Body) | 75 | 75 | - | |
| Office expenses | - | - | - | |
| Consultancy and projects | 110 | 110 | - | |
| Grants to third parties | 705 | 705 | - | |
| Total Expenditure | 890 | 890 | - | |
| Grant Income | (890) | (890) | - | |
| Total income | (890) | (890) | - | |
| Net position | - | - | - | |

Peer Network Grant

The Peer Networks Fund is a further Grant from BEIS of £225,000 awarded for 2021/22. The Fund is to be used for delivery of Peer Networks programme to provide support, advice, and training to assist businesses to navigate the challenges facing

them in relation to COVID-19. This funding is planned to be allocated between the three Sub-Growth Hubs to deliver the programme.

Table D: Peer Network Expenditure Summary

| Growth Hub - Peer Network Grant | Forecast Outturn £000 | Latest Budget £000 | Variance £000 | Variance % |
|--|--------------------------------------|-----------------------------------|--------------------------|-----------------------|
| Recharges (incl. Accountable Body) | - | - | - | |
| Office expenses | - | - | - | |
| Consultancy and projects | - | - | - | |
| Grants to third parties | 225 | 225 | - | |
| Total Expenditure | 225 | 225 | - | |
| Grant Income | (225) | (225) | - | |
| Total income | (225) | (225) | - | |
| Net position | - | - | - | |

Skills Analysis Panels (SAP) Grant

The Skills Analysis Panels (SAP) Grant has been allocated to SELEP for a final 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 £75,000 is available to support the SAP primarily to fund a role in the Secretariat to support the implementation and delivery of the aims of the SAP.

Table E: Skills Analysis Panel Expenditure Summary

| Skills Analysis Panels (SAP) Grant | Forecast Outturn £000 | Latest Budget £000 | Variance £000 | Variance % |
|---|--------------------------------------|-----------------------------------|--------------------------|-----------------------|
| Recharges (incl. Accountable Body) | 46 | 46 | - | |
| Office expenses | - | - | - | |
| Consultancy and projects | 29 | 29 | - | |
| Grants to third parties | - | - | - | |
| Total Expenditure | 75 | 75 | - | |
| Grant Income | (75) | (75) | - | |
| Total income | (75) | (75) | - | |
| 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 final £75,000 has been allocated to SELEP for this purpose, to supplement the £37,000 carried forward from 2020/21; this enables continuation of

the role into 2021/22.

The partnership is a cross-sector collaboration, initiated by SELEP, to tackle local digital skills gaps. The balance of £112,000 of the funding is planned to be spent on supporting the partnership in 2021/22.

Table F: Local Digital Skills Partnership Catalyst Grant Expenditure Summary

| Local Digital Skills Partnership Catalyst Grant | Forecast Outturn £000 | Latest Budget £000 | Variance £000 | Variance % |
|---|-----------------------------|--------------------------|------------------|---------------|
| Recharges (incl. Accountable Body) | 60 | 60 | - | |
| Office expenses | - | - | - | |
| Consultancy and projects | 52 | 52 | - | |
| Grants to third parties | - | - | - | |
| Total Expenditure | 112 | 112 | - | |
| | | | - | |
| Grant Income | (112) | (112) | - | |
| Total income | (112) | (112) | - | |
| | | | - | |
| Net position | - 0 | - 0 | - | 0.0% |

ERDF Legacy Funding

In June 2020, the Strategic Board agreed for the £350,000 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 | Forecast Outturn £000 | Latest Budget £000 | Variance £000 | Variance % |
|------------------------------------|-----------------------------|--------------------------|------------------|---------------|
| Recharges (incl. Accountable Body) | - | - | - | |
| Office expenses | - | - | - | |
| Consultancy and projects | - | - | - | |
| Grants to third parties | 350 | 350 | - | |
| Total Expenditure | 350 | 350 | - | |
| | | | | |
| Grant Income | (350) | (350) | - | |
| Total income | (350) | (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:

Energy Strategy Grant - £6,821.17
 Delivering Skills for the Future Project - £607.25
 Developing High Streets Fund - £16,000

Comparison of Allocation Methodologies for the Local Support Grant

When the 2021/22 SELEP budget was set in November 2020, the local area support contributions that are required to secure the SELEP Core Funding from Government were agreed by the Board, as set out in Table 9 within the main report. The total allocation is £150,000; this reflected an overall reduction in local support contributions of £50,000.

The Board expressed a wish to understand whether alternative approaches could be applied to the allocation methodology, which are considered further here, alongside the pros and cons of each.

An allocation methodology needs to seek to balance an equitable distribution against transparency, stability and availability of data on which to base the allocation.

The current allocation methodology is based on historic population estimates; alternative approaches would be to apply updated population data; number of businesses per area; number of capital projects supported; value of capital projects supported; and to simply split equally between the 6 authorities.

The impact of each of these approaches is set out below:

| Name of Authority | Agreed Local area support (By Population) £ | By Population * £ | No of Business £ | Overall Capital Project Investment £ | Number of capital projects per LA £ | Equal Split of Contributions £ |
|---------------------------------|--|----------------------|---------------------|---|--|-----------------------------------|
| East Sussex County Council | 19,635 | 19,601 | 19,667 | 24,129 | 28,814 | 25,000 |
| Essex County Council | 53,820 | 52,387 | 56,574 | 36,265 | 44,915 | 25,000 |
| Kent County Council | 54,375 | 55,638 | 54,427 | 45,216 | 43,220 | 25,000 |
| Medway Council | 9,780 | 9,801 | 7,555 | 8,945 | 11,864 | 25,000 |
| Southend-on-Sea Borough Council | 6,300 | 6,441 | 5,944 | 11,759 | 11,864 | 25,000 |
| Thurrock Council | 6,090 | 6,132 | 5,833 | 23,687 | 9,322 | 25,000 |
| | | | | | | |
| Total | 150,000 | 150,000 | 150,000 | 150,000 | 150,000 | 150,000 |

* Note: Move in allocation reflects the application of updated population data

The Pros and Cons of each approach is considered below:

| Allocation Methodology | Pros | Cons |
|------------------------|---|--|
| By Population | <ul style="list-style-type: none"> Simple, stable approach with easily accessible data Outcomes of the LEP are focused on driving economic growth across the region which impacts across the respective populations | <ul style="list-style-type: none"> Does not directly link to activities of the LEP |
| No of Business | <ul style="list-style-type: none"> Simple, stable approach with easily accessible data Outcomes of the LEP are focused on driving economic growth across the region which impacts across the respective populations | <ul style="list-style-type: none"> Business support reflects only part of SELEP activity and number of businesses does not reflect size and scale in terms of additional jobs/economic growth |

| | | |
|------------------------------------|---|---|
| | <ul style="list-style-type: none"> Business support is a key activity of the LEP | |
| Overall Capital Project Investment | <ul style="list-style-type: none"> Data is available Approximately 25 – 35 % of LEP spend is directly attributable to supporting this activity | <ul style="list-style-type: none"> Does not take into account the wider activity of the LEP (65-75% of spend) Allocations change regularly so there is no stability in this approach for Partners No new Capital Funding to be allocated to make this a sustainable approach |
| Number of capital projects per LA | <ul style="list-style-type: none"> Data is available Approximately 25 – 35 % of LEP spend is directly attributable to supporting this activity Costs are more closely related to the number of projects rather than the value in terms of team and ITE support | <ul style="list-style-type: none"> Does not take into account the wider activity of the LEP (65-75% of spend) Allocations change regularly so there is no stability in this approach for Partners No new Capital Funding to be allocated to make this a sustainable approach |
| Equal Split | <ul style="list-style-type: none"> Very simple to apply | <ul style="list-style-type: none"> Arbitrary approach not directly link to activities or outcomes of the LEP |

On balance, the advice would be to retain the current agreed allocations due to the limited impact of updating to use either of the updated population data or number of businesses.

It is not advised to move to apply the number or the value of capital projects, as this is not necessarily viewed as a 'better' or 'fairer' measure as does not reflect the full activity of the LEP; it also presents a challenge as there will be volatility in volumes and values both within and between years that creates instability.

It is proposed that for the 2022/23 financial year, that the position is reviewed again, as part of the budget setting process, to reflect on the impact of the LEP review on the activities of the LEP.

| | |
|---|----------------------|
| Report title: Local Growth Fund Capital Programme Update | |
| Report to: Accountability Board | |
| Report author: Helen Dyer, SELEP Capital Programme Manager | |
| Meeting date: 2 July 2021 | For: Decision |
| Enquiries to: helen.dyer@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 overall position of the Local Growth Fund (LGF) capital programme, as part of SELEP's Growth Deal with Government.
- 1.2. This report sets out the provisional outturn position for 2020/21 and the latest spend forecast for future years. In addition, the report provides an update on the 2020/21 year-end position reported to Government following implementation of the option 4 capital swap, previously agreed by the Board.

2. Recommendations

- 2.1. The Board is asked to:
 - 2.1.1 **Note** the provisional total spend in 2020/21 of £37.483m LGF excluding Department for Transport (DfT) retained schemes and £60.733m including DfT retained schemes, as set out in Table 1.
 - 2.1.2 **Note** the LGF position reported to Government in May 2021, following implementation of the capital transfer previously agreed by the Board, as set out in Table 3.
 - 2.1.3 **Agree** the updated total planned LGF spend in 2021/22 of £69.863m excluding DfT retained schemes and increasing to £86.577m including DfT retained schemes, as set out in Table 2 and Appendix A.
 - 2.1.4 **Note** the deliverability and risk assessment, as set out in Appendix D.
 - 2.1.5 **Agree** the spend of LGF beyond 30 September 2021 and the revised completion date for the new construction centre at Chelmsford College project as set out in Section 5 of this report, subject to Strategic Board endorsement via electronic procedure following this Board meeting.

3. Summary position

- 3.1. To receive the final tranche of LGF funding in 2020/21, SELEP was required to provide confirmation to Government that all LGF would be contractually committed and spent by 31 March 2021.
- 3.2. In practice, it was not feasible to spend the full remaining balance of LGF on LGF projects in 2020/21, as a result of COVID-19 related project delays and planned LGF spend beyond 31 March 2021.
- 3.3. The Board agreed that SELEP should use the 'freedoms and flexibilities' afforded by Central Government to transfer the unspent LGF at the end of 2020/21 into local authority's own capital programmes. This transfer of funding was approved on the basis that local authorities commit to financing the cost of the LGF investment in future years. This mitigation is referred to within this report as an Option 4 capital swap and does not contravene the grant conditions under which LGF has been awarded to SELEP by Central Government.
- 3.4. Alternatively, if local authorities chose not to implement an Option 4 capital swap, it was agreed that the LGF could still be transferred from the SELEP Accountable Body to local authorities before the end of 2020/21 to be held by the local authority as a ringfenced grant.
- 3.5. In February 2021, the Board were asked to agree the value of the remaining LGF to be transferred to partner authorities at the end of 2020/21. This transfer of funding has now taken place and this report provides an update to the Board on the LGF position as reported to Government in May 2021.

4. Award of Local Growth Fund

- 4.1. The Board has approved the award of the full £578.9m SELEP LGF allocation to 106 projects, including DfT retained schemes. The A127 Fairglen junction improvements project, a DfT retained scheme with an LGF allocation of £15m, is still awaiting approval by the DfT. Despite this, £1.5m of the LGF allocation has been spent to date following a request from Government to accelerate partial release of the funding.
- 4.2. At the Strategic Board meeting on 11 December 2020, a pipeline of LGF projects was agreed by SELEP Ltd. Ten projects were identified to receive additional LGF, based on the £6.693m LGF unallocated at the time of the meeting. A ranked pipeline of projects was also established to identify the next LGF projects in line to receive additional funding, if further LGF became available. This pipeline is set out in Appendix B.
- 4.3. The Board approved the award of £6.662m to the ten prioritised projects at the February and March 2021 Board meetings. In addition, a further £0.901m was awarded to the Kent and Medway Engineering, Design, Growth and Enterprise (EDGE) Hub project, as the first project on the agreed pipeline, following the cancellation of the Basildon Innovation Warehouse project in February 2021.

5. Local Growth Fund spend position

- 5.1. The provisional 2020/21 year-end position shows LGF spend of £37.483m excluding DfT retained schemes and increasing to £60.733m including DfT retained schemes.
- 5.2. There has been a substantial reduction in LGF spend when compared to the forecast spend position set out at the start of 2020/21. Original forecasts showed planned LGF spend totalling £128.803m (including DfT retained schemes), which has reduced by £68.069m to £60.733m. This change is shown in Table 1 below.

Table 1: Provisional total 2020/21 spend figures

| LGF (£m) | | | | | | |
|----------------------|------------------------------|---|---|---|---|--|
| | Planned LGF spend in 2020/21 | Total actual spend in 2020/21 (as reported in May 2021) | Variance (between planned and actual spend) | Actual LGF spend relative to planned spend in 2020/21 (%) | Additional spend/slippage identified for 2020/21 since the last board meeting | Additional spend/slippage previously considered by the Board |
| East Sussex | 15.602 | 4.473 | -11.129 | 28.7% | -0.653 | -10.476 |
| Essex | 11.709 | 11.072 | -0.637 | 94.6% | -0.485 | -0.152 |
| Kent | 24.963 | 12.790 | -12.173 | 51.2% | -7.300 | -4.873 |
| Medway | 13.649 | 4.103 | -9.546 | 30.1% | 0.023 | -9.569 |
| Southend | 11.496 | 1.855 | -9.641 | 16.1% | -3.794 | -5.847 |
| Thurrock | 10.574 | 3.189 | -7.385 | 30.2% | -0.469 | -6.916 |
| Skills | 0.000 | 0.000 | 0.000 | - | 0.000 | 0.000 |
| M20 Junction 10a | 0.000 | 0.000 | 0.000 | - | 0.000 | 0.000 |
| LGF Sub-Total | 87.994 | 37.483 | -50.511 | 42.6% | -12.677 | -37.833 |
| Retained | 40.809 | 23.250 | -17.558 | 57.0% | 0.257 | -17.815 |
| Total Spend Forecast | 128.803 | 60.733 | -68.069 | 47.2% | -12.421 | -55.648 |

- 5.3. Table 1 shows that only 42.6% of forecast LGF spend excluding DfT retained schemes and 47.2% including DfT retained schemes was actually spent in 2020/21. This reduction in spend has been due to a number of factors, including:

5.3.1. COVID-19/Brexit impacts on project delivery – the COVID-19 pandemic has led to increased construction costs, delays in sourcing required materials and extended construction programmes due to measures introduced by Government to slow the spread of COVID-19. Brexit has also contributed to an increase in the cost of some required materials, such as granite, and delays in receiving these materials. As a result of these issues, construction programmes have not progressed as expected prior to the start of 2020/21.

5.3.2 Delays in obtaining required planning permission – a number of projects have experienced delays as a result of extended planning processes. This is primarily due to the impacts of COVID-19, which has caused delays in both local planning authorities and the Planning Inspectorate determining applications and appeals. However, there have also been delays as a result of further consultation requiring changes to the scheme design, which ultimately delayed the determination of the planning application.

5.3.3. Delays experienced in receiving required approvals from or engagement with external organisations, such as Highways England, Network Rail and utility suppliers – a number of projects have reported that the time required to secure the relevant approvals from external organisations has increased and that these processes are often onerous.

5.4. Table 2 below sets out the updated LGF spend forecast for future years.

Table 2: Summary LGF spend forecast – all years

| LGF (£m) | | | | | | |
|-----------------------------|-----------------------------|--------------------------|----------------------------|------------------------------------|----------------|---|
| | LGF spend to end of 2019/20 | LGF actual spend 2020/21 | LGF forecast spend 2021/22 | LGF forecast spend 2022/23 onwards | Total | % LGF allocation to be spent by 31 March 2021 |
| East Sussex | 59.699 | 4.473 | 13.346 | 4.502 | 82.020 | 78.2% |
| Essex | 78.642 | 11.072 | 8.318 | 15.730 | 113.763 | 78.9% |
| Kent | 87.784 | 12.790 | 28.382 | 0.000 | 128.957 | 78.0% |
| Medway | 21.357 | 4.103 | 6.980 | 0.000 | 32.440 | 78.5% |
| Southend | 25.299 | 1.855 | 6.488 | 0.000 | 33.642 | 80.7% |
| Thurrock | 26.301 | 3.189 | 6.350 | 0.000 | 35.840 | 82.3% |
| Skills | 21.975 | 0.000 | 0.000 | 0.000 | 21.975 | 100.0% |
| M20 Junction 10a | 19.700 | 0.000 | 0.000 | 0.000 | 19.700 | 100.0% |
| Sub-total | 340.758 | 37.483 | 69.863 | 20.232 | 468.335 | |
| DfT retained | 70.636 | 23.250 | 16.713 | 0.000 | 110.600 | 84.9% |
| Total spend forecast | 411.394 | 60.733 | 86.577 | 20.232 | 578.935 | |

5.5. Based on the provisional 2020/21 year end position, **£106.809m** LGF remained unspent as at 31st March 2021. This figure includes £90.095m LGF from Ministry of Housing Communities and Local Government (MHCLG) and £16.713m LGF from the DfT.

5.6. As set out in Section 3 of this report, SELEP was required to provide confirmation to Government that all the LGF funding would be contractually committed and spent by 31 March 2021 to secure receipt of the final tranche of the LGF funding. In reality, it was not possible to spend the full remaining balance of the LGF on the approved projects in 2020/21 and therefore the Board agreed that SELEP should use the ‘freedoms and flexibilities’ afforded by Central Government to transfer the unspent LGF to local authority’s own capital programmes prior to the end of 2020/21. This funding was to either be invested in the local capital programme as an Option 4 swap or held by the Local Authority as a ring-fenced grant specifically to support delivery of the identified LGF project.

5.7. In February 2021, the Board noted that the LGF balance to be transferred to local partners at the end of the financial year totalled £77.418m, excluding DfT retained schemes. Subsequently in March 2021, the Board considered the A28 Sturry Link Road project and agreed that the remaining £4.656m LGF allocation held by Essex County Council, as Accountable Body, should continue to be held by the Accountable Body at the end of the 2020/21 financial year due to ongoing planning concerns.

- 5.8. The LGF funding was transferred to the relevant Local Authorities as directed by the Board prior to the end of 2020/21. Table 3 below, sets out the position that was subsequently reported to Government.

Table 3: LGF position as reported to Government in Q1 2021/22

| | Transfer of LGF funding | | | |
|-------------------|---|--------------------------------------|---|--|
| | Funding transferred as at start of Q4 2020/21 | Additional funding transferred in Q4 | Total LGF transferred as reported to Government | Funding still held by Accountable Body |
| East Sussex | £65.011m | £17.009m | £82.020m | £0m |
| Essex | £109.496m | £3.777m | £113.273m | £0.490m |
| Kent | £102.065m | £22.236m | £124.301m | £4.656m |
| Medway | £24.624m | £7.815m | £32.439m | £0m |
| Southend | £30.097m | £3.545m | £33.642m | £0m |
| Thurrock | £29.340m | £6.500m | £35.840m | £0m |
| Managed centrally | £41.675m | £0m | £41.675m | £0m |
| Total | £402.308m | £60.882m | £463.190m | £5.146m |

SELEP reporting to Government excludes DfT retained schemes as they are subject to separate reporting by the relevant local partner

- 5.9. As set out in Table 3, it was reported to Government that £463.190m of SELEP's £468.335m LGF allocation had been contractually committed and transferred to local partners by the end of 2020/21. The remaining £5.146m continues to be held by the Accountable Body. During the reconciliation of the LGF budget following the end of 2020/21, an accounting error was identified which had resulted in Essex County Council not claiming £0.490m of their LGF allocation during the course of the Growth Deal period. This will be corrected in Q1 2021/22 when the remaining balance will be claimed and transferred to Essex County Council. The only other LGF funding still held by the Accountable Body relates to the balance on the A26 Sturry Link Road project and totals £4.656m.
- 5.10. Whilst it was reported to Government that the £0.490m owed to Essex County Council was still held by the Accountable Body at the end of 2020/21, this funding has been spent by Essex County Council and was therefore reported as such to Government. Total LGF spend to the end of 2020/21, excluding DfT retained schemes, was reported to Government as £463.679m with only the A26 Sturry Link Road balance outstanding.
- 5.11. Delivery of the ongoing LGF projects and spend of the funding transferred to local partners as an Option 4 capital swap or ring-fenced grant will continue to be monitored until all projects have reached completion.
- 5.12. The Strategic Board has previously extended the delivery of the Growth Deal period by six months to 30 September 2021. Any further extensions beyond this date must be considered by both the Strategic Board and Accountability Board on a case by case basis.
- 5.13. Based on the latest LGF reporting provided by local partners, 15 projects are currently forecasting LGF spend beyond 30 September 2021 totalling £45.365m, as set out in Appendix C. 14 of these projects have been

considered and approved for spend beyond 30 September by both the Board and Strategic Board.

- 5.14. The final project currently forecasting LGF spend beyond 30 September 2021 is the new construction centre at Chelmsford College Project. The Project is forecasting spend of £0.885m beyond 30 September 2021.
- 5.15. The Board approved the award of £1.2952m to the new construction centre at Chelmsford College Project in July 2020, at which point it was expected that the Project would complete in early September 2021. As a result of COVID-19 related delays to both procurement and construction, completion of the Project has now been delayed until February 2022. Despite these delays, both the scope and the cost of the Project remain unchanged from the original Business Case submission.
- 5.16. The Board has previously agreed that for LGF to be spent beyond 30 September 2021, the project must meet five conditions. These five conditions include projects demonstrating that:
- 5.16.1. there is a clear delivery plan with specific delivery milestones and completion date has been agreed with the Board;
 - 5.16.2. there is a direct link to the delivery of jobs, homes or improved skills levels within the SELEP area;
 - 5.16.3. all funding sources having been identified to enable the delivery of the project. Written commitment will be sought from the respective project delivery partner to confirm that the funding sources are in place to deliver the project beyond the Growth Deal;
 - 5.16.4. endorsement from the SELEP Strategic Board that the funding should be retained against the project beyond the Growth Deal period; and
 - 5.16.5. contractual commitments are in place with construction contractors by the end of the Growth Deal period for the delivery of the project.
- 5.17. Table 4 demonstrates how the Project meets these conditions.

Table 4: New Construction Centre at Chelmsford College project completion with conditions for spend beyond 30 September 2021

| A clear delivery plan with specific delivery milestones and completion date | |
|---|--|
| Project delivery programme is as follows: | |
| Milestone | Expected date |
| Demolition and Utilities relocation | January to March 2021 |
| Tender process and award of build contract | January to April 2021 |
| Onsite Project Build | 1 st June 2021 to 21 st January 2022 |
| Completion of project and opening of new centre | 1 st February 2022 |

| |
|--|
| A direct link to the delivery of jobs, homes or improved skills levels within the SELEP area |
| <p>The Project directly links to the provision of improved skills levels within the SELEP area. The key outcomes provided by the Project include:</p> <ul style="list-style-type: none"> • Provision of cutting-edge workshops and facilities to meet the growing demand in construction, trades, heating, ventilating 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 is able to upskill to meet the identified requirements of the wider SELEP area. |
| All funding sources having been identified and secured to enable the delivery of the project |
| Confirmation has been provided that all funding sources required to deliver the Project have been secured |
| Endorsement from the SELEP Strategic Board that the funding should be retained against the project beyond the Growth Deal period |
| Endorsement from Strategic Board will be sought via electronic procedure following this Board meeting. |
| Contractual commitments are in place with construction contractors by the end of the Growth Deal period for the delivery of the project |
| The build contract was awarded in April 2021 and work has commenced onsite. |

5.18. The Board is asked to agree the spend of LGF funding on the new construction centre at Chelmsford College Project beyond 30 September 2021 and the revised project completion date set out above, subject to endorsement by Strategic Board via electronic procedure following this Board meeting.

5.19. If any of the approved projects report a Project completion date which is delayed by more than 6 months, a further decision will be required from the Board to grant this extension. This requirement is in line with the change request process set out in the Assurance Framework and Service Level Agreements between SELEP Ltd, Essex County Council, as Accountable Body, and the local authorities.

6. Deliverability and Risk

6.1. Appendix D sets out a delivery update and risk assessment for all projects included in the LGF programme. This provides a detailed breakdown of the delivery progress for each LGF project, relative to the expected completion dates, as set out in the original business cases.

- 6.2. The summary project risk assessment position is set out in Table 4 below. A score of 5 represents high risk (red) whereas a score of 1 represents low risk (green).
- 6.3. The risk assessment has been conducted for LGF projects based on:
- 6.3.1 **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.
- 6.3.2 To ensure consistency with MHCLG guidance on the assessment of LGF project deliverability risk, all projects with a greater than 3 month delay are shown as having a risk of greater than 4 (Amber/Red), unless the project has now been delivered and there is no substantial impact on the expected project outcomes delivery.
- 6.3.3 **Finances** – considers changes to project spend profiles, project budget, certainty of match funding contributions and amount of LGF spent forecast beyond 31 March 2021.
- 6.3.4 **Reputation** – considers the reputational risk for the delivery partner, local authority and SELEP Ltd.

Table 4: Summary of LGF project risk

| Risk Score | Number of projects | LGF allocation to projects (£m) | LGF spend beyond 31 March 2021 (£m) |
|----------------------|--------------------|---------------------------------|-------------------------------------|
| Low risk - 1 | 50 | 188.544 | 0.000 |
| Low/Medium risk - 2 | 11 | 82.224 | 5.247 |
| Medium risk - 3 | 21 | 68.763 | 23.637 |
| Medium/high risk - 4 | 15 | 109.449 | 53.103 |
| High risk - 5 | 9 | 129.956 | 24.822 |
| Total | 106 | 578.935 | 106.808 |

- 6.4. In total, £24.822m of unspent LGF is currently allocated to high risk projects. A summary of the 9 high risk projects and any outstanding funding conditions associated with these projects is set out in Appendix E.
- 6.5. Updates on 5 of the high-risk projects are provided under Agenda Items 7, 8 and 9. In summary the position regarding the other 4 high-risk projects is as follows:
- 6.5.1 A127 Fairglens Junction Improvements (DfT retained scheme) – whilst the Board approved the award of the remaining £13.5m LGF allocation to the Project in February 2021, a final decision to approve the Project from the Secretary of State for Transport remains outstanding. The Board will be updated as soon as the Secretary of State for Transport issues their decision.

- 6.5.2 A28 Chart Road, Kent – the Project remains on hold whilst awaiting confirmation of the local funding sources required to enable delivery of the Project. There remains a risk that LGF spend to date totalling £2.756m may become an abortive revenue cost which would require repayment of the funding to SELEP.
- 6.5.3 Maidstone Integrated Transport Package – the Board agreed the transfer of the remaining LGF allocation for the Project to Kent County Council on condition that the required planning consents for Phases 1 (A20 Ashford Road j/w Willington Street) and 3 (the A229 Loose Road corridor) of the Project must be secured by 1 September 2021. Work is ongoing to secure the required planning consents and a full update will be provided to the Board in September 2021.
- 6.5.4 M2 Junction 5 improvements – a planning inquiry in relation to this Project was held in late 2020. A report has been submitted to the Secretary of State by the Planning Inspector, however, a final decision regarding approval of the Project has not yet been announced. Highways England expect the decision to be announced in early Summer 2021. The Board will be updated as soon as the Secretary of State issues their decision.
- 6.6. Appendix E also provides a summary of 2 projects, Bexhill Enterprise Park North and Beaulieu Park, which were previously reported as high-risk projects. Subsequent to the last Board meeting, both projects have demonstrated that their respective funding conditions have been met and an update is provided under Agenda Item 7.

7. Projects remaining on LGF pipeline

- 7.1. As set out in section 4 of this report, the first 10 projects identified on the LGF pipeline have now received their additional LGF funding following approval by the Board in February and March 2021. In addition, the next project on the pipeline – the Kent and Medway EDGE Hub – has received part of its additional LGF request following the return of additional funding as a result of the cancellation of the Basildon Innovation Warehouse project.
- 7.2. For the remaining projects on the pipeline (listed in appendix B), additional LGF can only be awarded if further LGF funding becomes available through the cancellation of existing projects within the LGF programme. Under Agenda Item 9 the Board are asked to consider a proposed change of project scope for the A26 Tunbridge Wells project. If the Board choose not to agree the change of scope, a total of £0.623m LGF will be returned to SELEP for reallocation through the pipeline. This reallocation will be considered under Agenda Item 12.
- 7.3. In advance of additional funding becoming available it is expected that these projects will proceed, as per the agreed scope in the project business cases,

and that any increases in project cost will be met by local partners, as per the conditions of the grant.

- 7.4. No concerns have been raised regarding the deliverability of the projects remaining on the pipeline, as local partners or the relevant third-party delivery partners plan to meet the increase in project costs. These projects will remain under review and risks to the delivery of the Board will be brought to the Board's attention.

8. LGF Programme Risks

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

9. Financial Implications (Accountable Body comments)

- 9.1. All funding allocations which are agreed by the Board are dependent on the Accountable Body receiving sufficient funding from HM Government. The Accountable Body received the final allocation in 2020/21 of LGF from MHCLG of £77.873m, which means the total allocation of LGF which has been received is £468.3m (excluding the retained funding allocations from the DfT).
- 9.2. A key assessment made in the Annual Performance Review of SELEP, by Government, is effective delivery of the Programme; it is noted that there was a high level of slippage from 2020/21 into 2021/22 totalling £50.511m, excluding DfT programmes).
- 9.3. At the end of the financial year 2020/21 the majority of the remaining balance of LGF for each project was transferred to each Local Authority using the 'freedoms and flexibilities' afforded to SELEP, to demonstrate spend of LGF by the end of the Growth Deal, 31 March 2021. The LGF transfers of Capital were to be used as an Option 4 capital swap or to be held as a ringfenced grant by Local Authorities.
- 9.4. The Accountable Body currently holds a balance of £5.146m SELEP LGF. This is for the Sturry Link Road project at £4.656m, which is due to come back to the Accountability Board in September 2021 to update if conditions have been met to allow the transfer of remaining funding. In addition, £0.490m is held due to Essex County Council as a partner having not claimed in full the LGF allocation awarded to them. This will be transferred in Q1 2021/22.
- 9.5. Essex County Council, as the Accountable Body, is responsible for ensuring that the LGF funding is utilised in accordance with the conditions set out by Government for use of the Grant.

- 9.6. Should the funding not be utilised in accordance with the conditions, the Government may request return of the funding, or withhold future funding streams.
- 9.7. 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.
- 9.8. With the remaining balance of LGF for each project now transferred in advance to the Local Authority's (with the exception of £5.146m held for Essex County Council and Kent County Council projects), there is a requirement for the Board to continue to effectively monitor the progress of the LGF projects in order to provide assurance of delivery in line with the agreed business cases.

10. Legal Implications (Accountable Body comments)

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

11. Equality and Diversity implication

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

12. List of Appendices

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

13. List of Background Papers

- 13.1. None

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

| Role | Date |
|---|-------------|
| Accountable Body sign off Stephanie Mitchener (On behalf of Nicole Wood, S151 Officer, Essex County Council) | 24/06/2021 |

| Appendix A LGF spend forecast update | | | | | | | | | | | | |
|--------------------------------------|--|-------------|---------|---------|---------|---------|---------|---------|---------|---------|--------------------|-----------|
| SELEP number | Project Name | Promoter | 2015/16 | 2016/17 | 2017/18 | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 and beyond | All Years |
| East Sussex | | | | | | | | | | | | |
| LGF00002 | Newhaven Flood Defences | East Sussex | 0.300 | 0.800 | 0.400 | 0.000 | 0.000 | 0.000 | 0.000 | | | 1.500 |
| LGF00023 | Hailsham/Polegate/Eastbourne Movement and Access Transport scheme | East Sussex | 0.000 | 0.000 | 0.254 | 0.000 | 1.009 | 0.291 | 0.430 | 0.116 | | 2.100 |
| LGF00024 | Eastbourne and South Wealden Walking and Cycling LSTF package | East Sussex | 0.600 | 0.370 | 1.630 | 0.498 | 0.674 | 0.476 | 0.615 | 1.737 | | 6.600 |
| LGF00036 | Queensway Gateway Road | East Sussex | 1.419 | 1.121 | 5.000 | 0.890 | 1.066 | 0.504 | 0.000 | | | 10.000 |
| LGF00066 | Swallow Business Park, Hailsham (A22/A27 Growth Corridor) | East Sussex | 0.505 | 0.895 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | | | 1.400 |
| LGF00067 | Sovereign Harbour (aka Site Infrastructure Investment) | East Sussex | 0.530 | 1.170 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | | | 1.700 |
| LGF00085 | North Bexhill Access Road and Bexhill Enterprise Park | East Sussex | 6.410 | 4.600 | 5.590 | 2.000 | 0.000 | 0.000 | 0.000 | | | 18.600 |
| LGF00042 | Hastings and Bexhill Movement and Access Package | East Sussex | 0.000 | 0.000 | 0.345 | 0.796 | 1.408 | 1.061 | 2.742 | 2.648 | | 9.000 |
| LGF00043 | Hastings and Bexhill LSTF walking and cycling package (combined with above scheme) | East Sussex | | | | | | | | | | |
| LGF00044 | Eastbourne town centre LSTF access & improvement package | East Sussex | 0.000 | 0.550 | 0.245 | 3.700 | 0.749 | 0.440 | 2.316 | | | 8.000 |
| LGF00073 | A22/A27 junction improvement package | East Sussex | | | | | | | | | | |
| LGF00068 | Coastal Communities Housing Intervention Hastings | East Sussex | 0.000 | 0.000 | 0.667 | 0.000 | 0.000 | 0.000 | 0.000 | | | 0.667 |
| LGF00097 | East Sussex Strategic Growth Project | East Sussex | 0.000 | 0.000 | 3.550 | 4.300 | 0.350 | 0.000 | 0.000 | | | 8.200 |
| LGF00099 | Devonshire Park | East Sussex | 0.000 | 0.000 | 5.000 | 0.000 | 0.000 | 0.000 | 0.000 | | | 5.000 |
| LGF00108 | Bexhill Enterprise Park North | East Sussex | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 1.940 | | | 1.940 |
| LGF00109 | Skills for Rural Businesses Post-Brexit | East Sussex | 0.000 | 0.000 | 0.000 | 0.000 | 0.229 | 1.071 | 3.113 | | | 4.413 |
| LGF00110 | Churchfields Business Centre (previously known as Sidney Little Road Business Incubator Hub) | East Sussex | 0.000 | 0.000 | 0.000 | 0.000 | 0.065 | 0.054 | 0.381 | | | 0.500 |
| LGF00116 | Bexhill Creative Workspace | East Sussex | 0.000 | 0.000 | 0.000 | 0.000 | 0.014 | 0.577 | 0.369 | | | 0.960 |
| LGF00117 | Exceat Bridge Replacement | East Sussex | | | | | | | | | | |
| LGF00124 | Eastbourne Fisherman | East Sussex | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 1.440 | | | 1.440 |
| Essex | | | | | | | | | | | | |
| LGF00004 | Colchester Broadband Infrastructure | Essex | 0.200 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | | | | 0.200 |
| LGF00025 | Colchester LSTF | Essex | 0.911 | 1.489 | 0.000 | 0.000 | 0.000 | 0.000 | | | | 2.400 |
| LGF00026 | Colchester Integrated Transport Package | Essex | 1.527 | 0.673 | 1.400 | 1.400 | 0.000 | 0.000 | | | | 5.000 |
| LGF00027 | Colchester Town Centre | Essex | 0.955 | 2.574 | 1.071 | 0.000 | 0.000 | 0.000 | | | | 4.600 |
| LGF00028 | TGSE LSTF - Essex | Essex | 2.131 | 0.869 | 0.000 | 0.000 | 0.000 | 0.000 | | | | 3.000 |
| LGF00031 | A414 Pinch Point Package: A414 First Avenue & Cambridge Rd junction | Essex | 5.870 | 2.130 | 2.000 | 0.487 | 0.000 | 0.000 | | | | 10.487 |
| LGF00032 | A414 Maldon to Chelmsford RBS | Essex | 1.000 | 1.000 | 0.000 | 0.000 | 0.000 | 0.000 | | | | 2.000 |
| LGF00033 | Chelmsford Station / Station Square / Mill Yard | Essex | 0.409 | 0.605 | 1.248 | 0.738 | 0.000 | 0.000 | | | | 3.000 |
| LGF00034 | Basildon Integrated Transport Package | Essex | 1.633 | 0.000 | 0.000 | 0.750 | 4.203 | 0.000 | | | | 6.586 |
| LGF00037 | Colchester Park and Ride and Bus Priority measures | Essex | 5.800 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | | | | 5.800 |
| LGF00048 | A131 Chelmsford to Braintree | Essex | 0.000 | 0.000 | 1.396 | 1.104 | 1.160 | 0.000 | | | | 3.660 |
| LGF00049 | A414 Harlow to Chelmsford (removed from programme) | Essex | | | | | | | | | | |
| LGF00050 | A133 Colchester to Clacton | Essex | 0.000 | 0.000 | 0.000 | 0.525 | 1.821 | 0.394 | | | | 2.740 |
| LGF00051 | A131 Braintree to Sudbury (removed from programme) | Essex | | | | | | | | | | |
| LGF00063 | Chelmsford City Growth Area Scheme | Essex | 0.000 | 0.000 | 1.000 | 2.500 | 4.000 | 2.500 | | | | 10.000 |
| LGF00064 | Chelmsford Flood Alleviation Scheme (removed from programme) | Essex | | | | | | | | | | |
| LGF00070 | Beaulieu Park Railway Station | Essex | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | | | 12.000 | 12.000 |
| LGF00068 | Coastal Communities Housing Intervention (Jaywick) | Essex | 0.000 | 0.000 | 0.667 | 0.000 | 0.000 | 0.000 | | | | 0.667 |
| LGF00095 | Gilden Way Upgrading, Harlow | Essex | 0.000 | 0.000 | 5.000 | 0.000 | 0.000 | 0.000 | | | | 5.000 |
| LGF00098 | Technical and Professional Skills Centre at Stansted Airport | Essex | 0.000 | 0.000 | 2.000 | 1.500 | 0.000 | 0.000 | | | | 3.500 |
| LGF00100 | Innovation Centre - University of Essex Knowledge Gateway | Essex | 0.000 | 0.000 | 1.000 | 1.000 | 0.000 | 0.000 | | | | 2.000 |
| LGF00101 | STEM Innovation Centre - Colchester Institute | Essex | 0.000 | 0.000 | 0.100 | 2.153 | 2.747 | 0.000 | | | | 5.000 |
| LGF00102 | A127/A130 Fairglen Interchange new link road | Essex | 0.000 | 0.000 | 0.000 | 1.700 | 0.176 | 4.359 | | | | 6.235 |
| LGF00103 | M11 Junction 8 Improvements | Essex | 0.000 | 0.000 | 0.000 | 1.800 | 0.439 | 0.161 | 0.334 | 1.000 | | 3.734 |
| LGF00105 | Mercury Rising Theatre | Essex | 0.000 | 0.000 | 0.000 | 0.000 | 1.000 | 0.000 | | | | 1.000 |
| LGF00111 | Basildon Digital Technologies Campus | Essex | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 2.150 | | | | 2.150 |
| LGF00112 | Colchester Institute training centre (Groundworks and scaffolding) | Essex | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.050 | | | | 0.050 |
| LGF00113 | USP College Centre of Excellence for Digital Technologies and Immersive Learning , Benfleet | Essex | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.743 | 0.157 | | | 0.900 |
| LGF00114 | Flightpath Phase 2 | Essex | 0.000 | 0.000 | 0.000 | 0.000 | 0.782 | 0.640 | 0.560 | | | 1.982 |
| LGF00118 | Basildon Innovation Warehouse (removed from programme) | Essex | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | | | 0.000 |
| LGF00119 | University of Essex Parkside (Phase 3) | Essex | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 3.270 | 1.730 | | 5.000 |
| LGF00125 | New Construction Centre, Chelmsford | Essex | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.075 | 1.220 | | | 1.295 |
| LGF00127 | Colchester Grow on Space | Essex | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 2.777 | 1.000 | | 3.777 |
| Kent | | | | | | | | | | | | |
| LGF00003 | I3 Innovation Investment Loan Scheme | Kent | 0.000 | 0.389 | 2.950 | 0.941 | 1.360 | 0.004 | 0.356 | 0.000 | 0.000 | 6.000 |
| LGF00006 | Tonbridge Town Centre Regeneration | Kent | 1.833 | 0.799 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | | | 2.631 |
| LGF00007 | Sittingbourne Town Centre Regeneration | Kent | 2.445 | 0.000 | 0.001 | 0.000 | 0.000 | 0.000 | 0.000 | | | 2.500 |

| | | | | | | | | | | | | |
|--------------------------|--|----------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|---------------|----------------|
| LGF00008 | M20 Junction 4 Eastern Overbridge | Kent | 0.488 | 1.712 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | | | 2.200 |
| LGF00009 | Tunbridge Wells Jct Improvement Package (formerly - A26 London Rd/ Speldhurst Rd/ Yew Tree Rd, Tun Wells) | Kent | 0.603 | 0.189 | 0.049 | 0.315 | 0.010 | 0.011 | 0.623 | 0.000 | 0.000 | 1.800 |
| LGF00010 | Kent Thameside LSTF | Kent | 2.051 | 0.480 | 0.720 | 0.252 | 0.286 | 0.585 | 0.126 | 0.000 | 0.000 | 4.500 |
| LGF00011 | Maidstone Gyrotory Bypass | Kent | 0.704 | 3.724 | 0.171 | 0.000 | 0.000 | 0.000 | 0.000 | | | 4.600 |
| LGF00012 | Kent Strategic Congestion Management Programme | Kent | 0.863 | 0.687 | 0.604 | 0.236 | 0.389 | 1.424 | 0.597 | 0.000 | 0.000 | 4.800 |
| LGF00013 | Middle Deal transport improvements | Kent | 0.000 | 0.800 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | | | 0.800 |
| LGF00014 | Kent Rights of Way improvement plan | Kent | 0.193 | 0.056 | 0.137 | 0.177 | 0.335 | 0.101 | 0.000 | | | 1.000 |
| LGF00015 | Kent Sustainable Interventions Programme | Kent | 0.143 | 0.406 | 0.529 | 0.394 | 0.245 | 0.483 | 0.527 | 0.000 | 0.000 | 2.728 |
| LGF00016 | West Kent LSTF | Kent | 0.800 | 1.308 | 0.333 | 1.388 | 0.196 | 0.875 | 0.000 | 0.000 | 0.000 | 4.900 |
| LGF00017 | Folkestone Seafont : onsite infrastructure and engineering works | Kent | 0.533 | 0.008 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | | | 0.541 |
| LGF00038 | A28 Chart Road - on hold | Kent | 0.885 | 0.984 | 0.887 | 0.000 | 0.000 | 0.000 | 0.000 | | | 2.756 |
| LGF00039 | Maidstone Integrated Transport | Kent | 0.000 | 0.265 | 1.114 | 0.668 | 1.517 | 1.028 | 4.308 | | | 8.900 |
| LGF00040 | A28 Sturry Link Road | Kent | 0.000 | 0.401 | 0.385 | 0.285 | 0.038 | 0.000 | 4.791 | 0.000 | 0.000 | 5.900 |
| LGF00053 | Rathmore Road | Kent | 1.562 | 2.638 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | | | 4.200 |
| LGF00054 | A28 Sturry Rd Integrated Transport Package (removed from programme) | Kent | 0.022 | 0.005 | 0.056 | | -0.084 | | | | | 0.000 |
| LGF00055 | Maidstone Sustainable Access to Employment | Kent | 0.131 | 1.869 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | | | 2.000 |
| LGF00059 | Ashford Spurs | Kent | 0.000 | 0.167 | 4.173 | 1.414 | 1.903 | 0.228 | 0.002 | | | 7.887 |
| LGF00041 | Thanet Parkway | Kent | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 14.000 | 0.000 | 0.000 | 14.000 |
| LGF00058 | Dover Western Dock Revival | Kent | 0.000 | 4.915 | 0.085 | 0.000 | 0.000 | 0.000 | 0.000 | | | 5.000 |
| LGF00060 | Westenhanger Lorry Park (removed from Programme) | Kent | | | | | | | | | | 0.000 |
| LGF00062 | Folkestone Seafont (non-transport) | Kent | 0.000 | 1.967 | 3.033 | 0.000 | 0.000 | 0.000 | 0.000 | | | 5.000 |
| LGF00072 | A226 London Road/B255 St Clements Way | Kent | 0.000 | 0.715 | 0.846 | 2.638 | 0.000 | 0.000 | 0.000 | | | 4.200 |
| LGF00068 | Coastal Communities Housing Intervention (Thanet) | Kent | 0.000 | 0.000 | 0.063 | 0.511 | 0.093 | 0.000 | 0.000 | | | 0.667 |
| LGF00086 | Dartford Town Centre Transformation | Kent | 0.000 | 0.000 | 0.000 | 0.522 | 2.732 | 1.046 | 0.000 | 0.000 | 0.000 | 4.300 |
| LGF00088 | Fort Halsted (removed from programme) | Kent | | | | | | | | | | 0.000 |
| LGF00092 | A2500 Lower Road | Kent | 0.000 | 0.000 | 0.299 | 0.966 | 0.000 | 0.000 | 0.000 | | | 1.265 |
| LGF00093 | Kent and Medway Engineering and Design Growth and Enterprise Hub | Kent | 0.000 | 0.000 | 1.953 | 4.167 | 0.000 | 0.000 | 0.901 | | | 7.021 |
| LGF00096 | A2 off-slip at Wincheap, Canterbury (removed from programme) | Kent | | | | | | | | | | 0.000 |
| LGF00094 | Leigh Flood Storage Area | Kent | 0.000 | 0.000 | 0.000 | 0.983 | 0.810 | 0.506 | 0.051 | | | 2.349 |
| LGF00106 | Sandwich Rail Infrastructure | Kent | 0.000 | 0.000 | 0.000 | 0.040 | 1.873 | 0.000 | 0.000 | 0.000 | 0.000 | 1.913 |
| LGF00120 | M2 J5 improvements | Kent | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 1.600 | 0.000 | 0.000 | 1.600 |
| LGF00121 | Kent and Medway Medical School - Phase 1 | Kent | 0.000 | 0.000 | 0.000 | 0.000 | 4.000 | 4.500 | 0.500 | 0.000 | 0.000 | 9.000 |
| LGF00126 | East Malling Advanced Technology Horticultural Zone | Kent | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 1.998 | 0.001 | 0.000 | 0.000 | 1.999 |
| Medway | | | | | | | | | | | | |
| LGF00018 | A289 Four Elms Roundabout to Medway Tunnel Journey time and Network Improvements | Medway | 0.298 | 0.402 | 0.347 | 0.393 | 0.177 | 0.204 | 0.000 | | | 1.821 |
| LGF00019 | Strood Town Centre Journey Time and Accessibility Enhancements | Medway | 0.200 | 1.772 | 0.944 | 1.384 | 3.172 | 0.729 | 0.400 | | | 8.600 |
| LGF00020 | Chatham Town Centre Place-making and Public Realm Package | Medway | 0.870 | 0.945 | 0.881 | 0.747 | 0.756 | 0.000 | 0.000 | | | 4.200 |
| LGF00021 | Medway Cycling Action Plan | Medway | 0.228 | 1.150 | 0.919 | 0.203 | 0.000 | 0.000 | 0.000 | | | 2.500 |
| LGF00022 | Medway City Estate Connectivity Improvement Measures | Medway | 0.300 | 0.181 | 0.021 | 0.061 | 0.058 | 0.147 | 1.431 | | | 2.200 |
| LGF00061 | Rochester Airport - phase 1 | Medway | 0.000 | 0.179 | 0.182 | 0.104 | 0.412 | 2.117 | 1.406 | | | 4.400 |
| LGF00089 | IPM (Rochester Airport - phase 2) | Medway | 0.000 | 0.000 | 0.000 | 0.099 | 0.471 | 0.567 | 2.563 | | | 3.700 |
| LGF00091 | Strood Civic Centre - flood mitigation | Medway | 0.000 | 0.000 | 1.122 | 2.378 | 0.000 | 0.000 | 0.000 | | | 3.500 |
| LGF00115 | IPM 2 (Rochester Airport - phase 3) | Medway | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.339 | 1.180 | | | 1.5185 |
| Southend | | | | | | | | | | | | |
| LGF00005 | Southend Growth Hub | Southend | 0.018 | 0.702 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | | | 0.720 |
| LGF00107 | Southend Forum 2 | Southend | 0.000 | 0.000 | 0.000 | 0.470 | 0.668 | -1.138 | 0.000 | 0.000 | 0.000 | 0.000 |
| LGF00029 | TGSE LSTF - Southend | Southend | 0.800 | 0.200 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | | | 1.000 |
| LGF00045 | Southend Central Area Action Plan (SCAAP) - Transport Package | Southend | 0.000 | 0.767 | 1.211 | 1.011 | 0.650 | 1.472 | 1.890 | | | 7.000 |
| LGF00057 | London Southend Airport Business Park Phase 1 and 2 (including Southend and Rochford Joint Area Action Plan) | Southend | 0.000 | 2.366 | 2.076 | 4.127 | 10.234 | 1.454 | 2.834 | | | 23.090 |
| LGF00115 | Southend Town Centre | Southend | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.068 | 1.557 | | | 1.625 |
| | A127 Essential Maintenance - additional LGF | Southend | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.207 | | | 0.207 |
| Thurrock | | | | | | | | | | | | |
| LGF00030 | TGSE LSTF - Thurrock | Thurrock | 0.569 | 0.162 | -0.015 | 0.160 | 0.125 | 0.000 | 0.000 | | | 1.000 |
| LGF00046 | Thurrock Cycle Network | Thurrock | 0.000 | 0.096 | 2.384 | 2.520 | 0.000 | 0.000 | 0.000 | | | 5.000 |
| LGF00047 | London Gateway/Stanford le Hope | Thurrock | 0.000 | 0.663 | 1.592 | 2.514 | 1.844 | 0.887 | 0.000 | | | 7.500 |
| LGF00052 | A13 Widening - development | Thurrock | 0.000 | 2.708 | 0.000 | 2.292 | 0.000 | 0.000 | 0.000 | | | 5.000 |
| LGF00056 | Purfleet Centre | Thurrock | 0.000 | 0.645 | 1.000 | 0.196 | 3.159 | 0.000 | 0.000 | | | 5.000 |
| LGF00104 | Grays South | Thurrock | 0.000 | 0.000 | 0.000 | 0.000 | 3.659 | 0.831 | 6.350 | | | 10.840 |
| LGF00123 | Tilbury Riverside (removed from programme) | Thurrock | 0.000 | 0.000 | 0.000 | 0.000 | 0.029 | -0.029 | 0.000 | | | 0.000 |
| | A13 widening - additional funding | | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 1.500 | 0.000 | | | 1.500 |
| Managed Centrally | | | | | | | | | | | | |
| LGF00001 | Skills | | 9.923 | 11.980 | 0.071 | | 0.000 | | | | | 21.975 |
| LGF00071 | M20 Junction 10a | | | | 8.300 | 11.400 | 0.000 | | | | | 19.700 |
| Sub-total | | | 54.563 | 70.405 | 78.983 | 73.797 | 63.010 | 37.483 | 69.863 | 8.232 | 12.000 | 468.335 |

| | | | | | | | | | | | | |
|---|---|----------|--------|--------|--------|--------|--------|--------|--------|-------|-------|---------|
| Provisional Funding Allocation from MHCLG | | | 69.450 | 82.270 | 92.088 | 91.739 | 54.915 | 77.873 | | | | 468.335 |
| LGF slippage 2015/16 to 2016/17 | | | 14.887 | | | | | | | | | |
| LGF slippage from 2016/17 to 2017/18 | | | | 26.752 | | | | | | | | |
| LGF slippage from 2017/18 to 2018/19 | | | | | 39.858 | | | | | | | |
| LGF slippage 2018/19 to 2019/20 | | | | | | 57.800 | | | | | | |
| Forecast LGF slippage 2019/20 to 2020/21 | | | | | | | 49.705 | | | | | |
| Forecast LGF slippage 2020/21 to 2021/22 | | | | | | | | 90.095 | | | | |
| DfT retained schemes | | | | | | | | | | | | |
| LGF00079 | A127 Fairglen Junction Improvements | Essex | 0.000 | 0.000 | 0.000 | 0.000 | 1.500 | 0.000 | 13.500 | | | 15.000 |
| LGF00080 | A127 Capacity Enhancements Road Safety and Network Resilience (ECC) | Essex | 0.513 | 3.487 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | | | 4.000 |
| LGF00081 | A127 Kent Elms Corner | Southend | 0.500 | 2.389 | 1.411 | 0.000 | 0.000 | 0.000 | 0.000 | | | 4.300 |
| LGF00082 | A127 The Bell | Southend | 0.000 | 0.000 | 0.000 | 0.369 | 0.848 | 1.004 | 2.080 | | | 4.300 |
| LGF00083 | A127 Essential Bridge and Highway Maintenance - Southend | Southend | 0.400 | 0.289 | 0.311 | 0.427 | 0.276 | 5.164 | 1.133 | | | 8.000 |
| LGF00084 | A13 Widening | Thurrock | 0.000 | 0.000 | 13.408 | 11.507 | 33.002 | 17.083 | 0.000 | | | 75.000 |
| Sub-total retained schemes | | | 1.413 | 6.165 | 15.130 | 12.303 | 35.625 | 23.250 | 16.713 | 0.000 | 0.000 | 110.600 |
| Provisional Funding Allocation from DfT | | | 1.500 | 7.500 | 29.704 | 3.474 | 47.822 | 7.100 | 13.500 | | | 110.600 |
| LGF slippage 2015/16 to 2016/17 | | | 0.087 | | | | | | | | | |
| LGF slippage from 2016/17 to 2017/18 | | | | 1.422 | | | | | | | | |
| LGF slippage from 2017/18 to 2018/19 | | | | | 15.996 | | | | | | | |
| LGF slippage 2018/19 to 2019/20 | | | | | | 7.167 | | | | | | |
| Forecast LGF slippage 2019/20 to 2020/21 | | | | | | | 19.364 | | | | | |
| Forecast LGF slippage 2020/21 to 2021/22 | | | | | | | | 3.213 | | | | |

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

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

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

Appendix C - Projects spending beyond 30 September 2021

| SELEP number | Project Name | Promoter | LGF allocation (£m) | LGF spend beyond 30 September 2021 (£m) | % LGF spend beyond 30 September 2021 | Expected project completion date |
|--------------|---|-------------|---------------------|---|--------------------------------------|----------------------------------|
| LGF00023 | Hailsham/Polegate/Eastbourne Movement and Access Transport scheme | East Sussex | 2.1000 | 0.3310 | 15.8% | Mar-22 |
| LGF00024 | Eastbourne and South Wealden Walking and Cycling LSTF package | East Sussex | 6.6000 | 2.0450 | 31.0% | Dec-22 |
| LGF00042 | Hastings and Bexhill Movement and Access Package | East Sussex | 9.0000 | 4.0190 | 44.7% | Dec-22 |
| LGF00044 | Eastbourne town centre LSTF access & improvement package | East Sussex | 8.0000 | 1.1580 | 14.5% | Mar-22 |
| LGF00109 | Skills for Rural Businesses Post-Brexit | East Sussex | 4.4130 | 1.4000 | 31.7% | Jun-22 |
| LGF00070 | Beaulieu Park Railway Station | Essex | 12.0000 | 12.0000 | 100.0% | Dec-25 |
| LGF00103 | M11 Junction 8 Improvements | Essex | 3.7339 | 1.1113 | 29.8% | Nov-22 |
| LGF00119 | University of Essex Parkside (Phase 3) | Essex | 5.0000 | 4.6200 | 92.4% | Dec-22 |
| LGF00125 | New Construction Centre, Chelmsford College | Essex | 1.2952 | 0.8845 | 68.3% | Feb-22 |
| LGF00127 | Colchester Grow on Space | Essex | 3.7775 | 2.8000 | 74.1% | Jul-22 |
| LGF00040 | A28 Sturry Link Road | Kent | 5.9000 | 2.7910 | 47.3% | Mar-24 |
| LGF00041 | Thanet Parkway | Kent | 14.0000 | 5.9520 | 42.5% | Dec-22 |
| LGF00022 | Medway City Estate Connectivity Improvement Measures | Medway | 2.2000 | 0.7000 | 31.8% | Dec-21 |
| LGF00089 | IPM (Rochester Airport - phase 2) | Medway | 3.7000 | 1.0035 | 27.1% | Mar-22 |
| LGF00104 | Grays South | Thurrock | 10.8403 | 4.5500 | 42.0% | Jun-24 |

| Appendix D- Local Growth Fund Delivery and Risk | | | | | | | | | | | | | | |
|--|-------------------------------|--------------------------|---|---|--------------------------------------|--|---|---------------------------------------|----------------|-----------------------------|--------------------------|-----------------------------------|---------------------|-----------------------------------|
| Project | Accountability Board approval | Delivery Status | Deliverability | | | | | Financial | | | | Reputational risk RAG (June 2021) | Overall (June 2021) | |
| | | | Expected completion date (as stated in Business Case) | Expected completion date (January 2021) | Expected completion date (June 2021) | Months delay incurred (since original business case) | Months delay incurred (since last update) | Deliverability RAG rating (June 2021) | LGF allocation | LGF spend to end of 2020/21 | LGF spend beyond 2020/21 | | | Financials RAG rating (June 2021) |
| East Sussex | | | | | | | | | | | | | | |
| Newhaven Flood Defences | Jun-15 | Construction in progress | 01/02/2020 | 01/02/2020 | 30/06/2021 | 16 | 16 | 1 | £1,500,000 | £1,500,000 | £0 | 1 | 1 | 1 |
| Hailsham, Polegate and Eastbourne Movement and Access Transport scheme | Feb-17 | Design in progress | 01/03/2020 | 01/03/2022 | 01/03/2022 | 24 | 0 | 5 | £2,100,000 | £1,553,502 | £546,498 | 4 | 3 | 4 |
| Eastbourne and South Wealden Walking and Cycling LSTF package | Nov-15 and Feb-19 | Construction in progress | 01/03/2021 | 01/12/2022 | 01/12/2022 | 21 | 0 | 4 | £6,600,000 | £4,247,663 | £2,352,337 | 4 | 3 | 4 |
| Queensway Gateway Road | Mar-15 | Construction in progress | 01/03/2016 | 01/09/2021 | 01/03/2022 | 72 | 6 | 5 | £10,000,000 | £10,000,000 | £0 | 4 | 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 | £1,400,000 | £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 | £1,700,000 | £0 | 1 | 1 | 1 |
| North Bexhill Access Road and Bexhill Enterprise Park | Nov-15 | LGF project delivered | 01/03/2018 | 20/12/2018 | 20/12/2018 | 9 | 0 | 1 | £18,600,000 | £18,600,000 | £0 | 1 | 1 | 1 |
| Hastings and Bexhill Movement and Access Package | Feb-18 | Construction in progress | 01/03/2021 | 01/12/2022 | 31/03/2023 | 24 | 3 | 4 | £9,000,000 | £3,610,070 | £5,389,930 | 4 | 3 | 4 |
| Eastbourne Town Centre LSTF access and improvement package | Apr-16 and Feb-19 | Construction in progress | 01/03/2021 | 01/03/2022 | 31/03/2022 | 12 | 0 | 4 | £8,000,000 | £5,684,008 | £2,315,992 | 4 | 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 | £666,667 | £0 | 1 | 1 | 1 |
| East Sussex Strategic Growth Project | Jan-17 | LGF project delivered | 01/03/2021 | 30/06/2021 | 31/03/2020 | 0 | 0 | 1 | £8,200,000 | £8,200,000 | £0 | 1 | 1 | 1 |
| Devonshire Park | Mar-17 | LGF project delivered | 01/03/2020 | 01/08/2021 | 15/11/2019 | 0 | 0 | 1 | £5,000,000 | £5,000,000 | £0 | 1 | 1 | 1 |
| Bexhill Enterprise Park North | Jun-19 | Design in progress | 01/03/2020 | 01/06/2021 | 30/09/2021 | 18 | 3 | 4 | £1,940,000 | £0 | £1,940,000 | 2 | 2 | 3 |
| Skills for Rural Businesses Post-Brexit (Plumpton College) | Jun-19 and Feb-21 | Construction in progress | 01/03/2021 | 01/06/2022 | 01/06/2022 | 15 | 0 | 4 | £4,413,000 | £1,299,730 | £3,113,270 | 2 | 2 | 3 |
| Churchfields Business Centre (previously known as Sidney Little Road Business Incubator Hub) | Jun-19 | Design in progress | 01/03/2021 | 01/12/2021 | 01/12/2021 | 9 | 0 | 4 | £500,000 | £119,400 | £380,600 | 4 | 3 | 4 |
| Bexhill Creative Workspace | Sep-19 | Construction in progress | 01/05/2020 | 30/04/2021 | 30/06/2021 | 13 | 2 | 4 | £960,000 | £591,357 | £368,643 | 3 | 2 | 3 |
| Eastbourne Fisherman's Quayside and Infrastructure Development project | Jul-20 and Feb-21 | Construction in progress | 01/07/2021 | 01/03/2022 | 31/03/2022 | 8 | 0 | 4 | £1,440,000 | £0 | £1,440,000 | 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 | £200,000 | £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 | £2,400,000 | £0 | 1 | 1 | 1 |
| Colchester Integrated Transport Package | Mar-15 | LGF project delivered | 01/03/2021 | 01/03/2021 | 01/03/2021 | 0 | 0 | 1 | £5,000,000 | £5,000,000 | £0 | 1 | 1 | 1 |
| Colchester Town Centre | Mar-15 | LGF project delivered | 01/03/2016 | 01/01/2018 | 01/01/2018 | 22 | 0 | 1 | £4,600,000 | £4,600,000 | £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 | £3,000,000 | £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 | £10,487,000 | £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 | £2,000,000 | £0 | 1 | 1 | 1 |
| Chelmsford Station/Station Square/Mill Yard | Jun-15 | LGF project delivered | 01/12/2017 | 01/05/2019 | 01/05/2019 | 17 | 0 | 1 | £3,000,000 | £3,000,000 | £0 | 1 | 1 | 1 |
| Basildon Integrated Transport Package | Mar-15, May-17 and Feb-19 | LGF project delivered | 01/03/2021 | 01/03/2021 | 01/03/2021 | 0 | 0 | 1 | £6,586,000 | £6,586,000 | £0 | 1 | 1 | 1 |
| 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 | £5,800,000 | £0 | 1 | 1 | 1 |
| A127 Fairglens junction improvements | Pending | Approval pending | 01/09/2022 | 01/04/2023 | 01/04/2023 | 7 | 0 | 5 | £15,000,000 | £1,500,000 | £13,500,000 | 5 | 5 | 5 |
| A127 capacity enhancements | Jun-15 | LGF project delivered | 01/12/2020 | 01/11/2018 | 01/11/2018 | 0 | 0 | 1 | £4,000,000 | £4,000,000 | £0 | 1 | 1 | 1 |
| A131 Chelmsford to Braintree | Feb-17 | LGF project delivered | 01/03/2020 | 01/04/2020 | 01/04/2020 | 1 | 0 | 1 | £3,660,000 | £3,660,000 | £0 | 1 | 1 | 1 |
| A133 Colchester to Clacton | Nov-17 | LGF project delivered | 01/03/2020 | 01/06/2020 | 30/06/2020 | 3 | 0 | 1 | £2,740,000 | £2,740,000 | £0 | 1 | 1 | 1 |
| Chelmsford City Growth Area Scheme | Dec-17 | Construction in progress | 01/03/2021 | 01/03/2021 | 30/09/2021 | 6 | 6 | 4 | £10,000,000 | £10,000,000 | £0 | 1 | 2 | 2 |

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| Beaulieu Park Railway Station | Feb-19 | Design in progress | 01/03/2024 | 01/12/2025 | 01/12/2025 | 21 | 0 | 4 | £12,000,000 | £0 | £12,000,000 | 4 | 3 | 4 |
| Coastal Communities Housing Intervention Jaywick | Feb-17 | LGF project delivered | 01/06/2019 | 01/06/2019 | 01/06/2019 | 0 | 0 | 1 | £666,667 | £666,667 | £0 | 1 | 1 | 1 |
| Gilden Way upgrading | Dec-17 | Design in progress | 01/03/2021 | 30/01/2021 | 31/12/2021 | 9 | 11 | 4 | £5,000,000 | £5,000,000 | £0 | 1 | 2 | 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 | £3,500,000 | £0 | 1 | 1 | 1 |
| Innovation Centre - University of Essex Knowledge Gateway | Sep-17 | LGF project delivered | 01/01/2019 | 01/01/2019 | 26/04/2019 | 3 | 3 | 1 | £2,000,000 | £2,000,000 | £0 | 1 | 1 | 1 |
| STEM Innovation Centre - Colchester Institute | Dec-17 | LGF project delivered | 01/01/2019 | 01/12/2019 | 01/12/2019 | 11 | 0 | 1 | £5,000,000 | £5,000,000 | £0 | 1 | 1 | 1 |
| A127/A130 Fairglen Interchange new link road | Feb-19 | Design in progress | 01/04/2022 | 01/04/2023 | 01/04/2023 | 12 | 0 | 4 | £6,235,000 | £6,235,000 | £0 | 3 | 3 | 3 |
| M11 junction 8 improvements | Nov-17 and Mar-21 | Design in progress | 01/03/2021 | 01/11/2022 | 01/11/2022 | 20 | 0 | 4 | £3,733,896 | £2,400,000 | £1,333,896 | 4 | 4 | 4 |
| Mercury Rising Theatre | Nov-17 | Construction in progress | 01/03/2020 | 01/08/2020 | 30/06/2021 | 15 | 10 | 4 | £1,000,000 | £1,000,000 | £0 | 3 | 3 | 3 |
| Basildon Digital Technologies Campus | Jun-19 | LGF project delivered | 01/09/2020 | 01/11/2020 | 31/03/2021 | 6 | 4 | 1 | £2,150,000 | £2,150,000 | £0 | 1 | 1 | 1 |
| Colchester Institute training centre (Groundworks and scaffolding) | Jun-19 | LGF project delivered | 01/01/2020 | 01/12/2020 | 31/03/2021 | 14 | 3 | 1 | £50,000 | £50,000 | £0 | 1 | 1 | 1 |
| USP College Centre of Excellence for Digital Technologies and Immersive Learning , Benfleet | Jun-19 | Construction in progress | 01/09/2020 | 01/09/2021 | 01/09/2021 | 12 | 0 | 4 | £900,000 | £743,000 | £157,000 | 3 | 1 | 3 |
| Flightpath Phase 2 | Jun-19 and Feb-21 | Construction in progress | 30/09/2020 | 01/09/2020 | 30/09/2021 | 12 | 12 | 4 | £1,981,500 | £1,421,500 | £560,000 | 2 | 2 | 3 |
| University of Essex Parkside (Phase 3) | Feb-20 | Design in progress | 31/03/2021 | 01/03/2022 | 31/03/2024 | 36 | 24 | 4 | £5,000,000 | £0 | £5,000,000 | 4 | 3 | 4 |
| New Construction Centre, Chelmsford College | Jul-20 | Construction in progress | 01/09/2021 | 01/09/2021 | 01/09/2021 | 0 | 0 | 3 | £1,295,200 | £75,100 | £1,220,100 | 4 | 2 | 3 |
| Colchester Grow on Space, Queen Street | Feb-21 | Design in progress | 30/07/2022 | 30/07/2022 | 30/07/2022 | 0 | 0 | 2 | £3,777,451 | £0 | £3,777,451 | 4 | 2 | 3 |
| Kent | | | | | | | | | | | | | | |
| I3 Innovation Project (formerly referred to as the Kent and Medway Growth Hub) | Nov-15 | LGF project delivered | 01/03/2021 | 01/03/2021 | 31/03/2021 | 0 | 0 | 1 | £6,000,000 | £5,643,546 | £356,454 | 2 | 2 | 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 | £2,631,269 | £0 | 1 | 1 | 1 |
| Sittingbourne Town Centre Regeneration | Nov-15 | LGF project delivered | 01/09/2016 | 01/01/2020 | 31/03/2021 | 54 | 14 | 1 | £2,500,000 | £2,500,000 | £0 | 1 | 1 | 1 |
| M20 junction 4 Eastern Overbridge | Mar-15 | LGF project delivered | 28/02/2017 | 28/02/2017 | 28/02/2017 | 0 | 0 | 1 | £2,200,000 | £2,200,000 | £0 | 1 | 1 | 1 |
| Tunbridge Wells junction improvement package | Jun-15 and Sep-17 | Construction in progress | 01/09/2019 | 31/03/2021 | 30/09/2021 | 24 | 5 | 5 | £1,800,000 | £1,176,611 | £623,389 | 5 | 4 | 5 |
| Kent Thameside LSTF | Mar-15 | Construction in progress | 31/03/2021 | 31/03/2021 | 30/09/2021 | 5 | 5 | 4 | £4,500,000 | £4,373,666 | £126,334 | 2 | 1 | 2 |
| Maidstone Gyrotary Bypass | Mar-15 | LGF project delivered | 01/02/2017 | 01/12/2016 | 01/12/2016 | 0 | 0 | 1 | £4,600,000 | £4,600,000 | £0 | 1 | 1 | 1 |
| Kent Strategic Congestion Management programme | Mar-15, Apr-16, Feb-17 and Feb-18, and Feb-21 | Construction in progress | 31/03/2021 | 31/03/2021 | 30/06/2021 | 2 | 2 | 4 | £4,800,000 | £4,203,386 | £596,614 | 4 | 3 | 4 |
| Middle Deal transport improvements | Feb-16 | Construction in progress | 01/12/2016 | 30/09/2021 | 30/09/2021 | 57 | 0 | 5 | £800,000 | £800,000 | £0 | 1 | 3 | 3 |
| Kent Rights of Way improvement plan | Mar-15 | LGF project delivered | 31/03/2021 | 31/03/2021 | 31/03/2021 | 0 | 0 | 1 | £1,000,000 | £1,000,000 | £0 | 1 | 1 | 1 |
| Kent Sustainable Interventions Programme | Mar-15, Apr-16, Feb-17 and Feb-18 | LGF project delivered | 31/03/2021 | 31/03/2021 | 31/03/2021 | 0 | 0 | 1 | £2,727,586 | £2,200,769 | £526,817 | 3 | 1 | 2 |
| West Kent LSTF | Apr-16 | Construction in progress | 31/03/2021 | 31/03/2021 | 30/09/2021 | 5 | 5 | 4 | £4,900,000 | £4,900,000 | £0 | 2 | 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 | £541,145 | £0 | 1 | 1 | 1 |
| A28 Chart Road | Nov-15 | Project on hold | 01/03/2020 | TBC | TBC | | | 5 | £2,756,283 | £2,756,283 | £0 | 5 | 5 | 5 |
| Maidstone Integrated Transport Package | Nov-15 and Jun-18 | Construction in progress | 01/02/2020 | 01/12/2021 | 01/09/2023 | 43 | 21 | 5 | £8,900,000 | £4,592,361 | £4,307,639 | 4 | 5 | 5 |
| A28 Sturry Link Road | Jun-16 | Design in progress | 01/10/2021 | 01/11/2023 | 01/03/2024 | 29 | 4 | 5 | £5,900,000 | £1,109,051 | £4,790,949 | 5 | 5 | 5 |
| Rathmore Road | Nov-15 | LGF project delivered | 01/11/2017 | 01/01/2018 | 01/01/2018 | 2 | 0 | 1 | £4,200,000 | £4,200,000 | £0 | 1 | 1 | 1 |

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|--|--|--------------------------|------------|------------|------------|----|----|---|-------------|-------------|-------------|---|---|---|
| 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 | £2,000,000 | £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 | 2 | £7,886,830 | £7,885,142 | £1,688 | 2 | 1 | 2 |
| Thanet Parkway | Apr-19 | Construction in progress | 01/12/2021 | 30/12/2022 | 31/12/2022 | 12 | 0 | 4 | £14,000,000 | £0 | £14,000,000 | 5 | 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 | £5,000,000 | £0 | 1 | 1 | 1 |
| Folkestone Seafront (non-transport) | Feb-16 | LGF project delivered | 31/12/2017 | 31/03/2018 | 31/03/2018 | 3 | 0 | 1 | £5,000,000 | £5,000,000 | £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 | £4,200,000 | £0 | 1 | 1 | 1 |
| Coastal Communities Housing Intervention (Thanet) | Feb-16 | LGF project delivered | 31/03/2021 | 31/03/2021 | 31/03/2021 | 0 | 0 | 1 | £666,666 | £666,666 | £0 | 1 | 1 | 1 |
| Dartford Town Centre Transformation | Apr-18 | Construction in progress | 31/03/2021 | 31/03/2021 | 31/03/2022 | 12 | 12 | 5 | £4,300,000 | £4,300,000 | £0 | 3 | 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 | £1,264,930 | £0 | 1 | 1 | 1 |
| Kent and Medway EDGE hub | Sep-17 and Mar-21 | Construction in progress | 31/08/2020 | 30/09/2020 | 30/09/2021 | 12 | 12 | 4 | £7,021,128 | £6,120,000 | £901,128 | 2 | 1 | 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 | £2,349,000 | £2,298,500 | £50,500 | 3 | 2 | 3 |
| Sandwich Rail Infrastructure | Nov-17 | LGF project delivered | 31/03/2020 | 28/02/2020 | 28/02/2020 | 0 | 0 | 1 | £1,913,170 | £1,913,170 | £0 | 1 | 1 | 1 |
| M2 Junction 5 | Feb-20 | Design in progress | 01/01/2023 | 31/12/2021 | 01/01/2023 | 0 | 12 | 5 | £1,600,000 | £0 | £1,600,000 | 5 | 4 | 5 |
| Kent and Medway Medical School | Nov-19, Jul-20 and Feb-21 | Construction in progress | 01/09/2020 | 31/01/2021 | 30/06/2021 | 9 | 4 | 4 | £9,000,000 | £8,500,000 | £500,000 | 1 | 1 | 2 |
| East Malling Advanced Technology Horticultural Zone | Jun-20 and Feb-21 | Construction in progress | 01/07/2021 | 01/07/2021 | 01/07/2021 | 0 | 0 | 1 | £1,998,600 | £1,998,000 | £600 | 2 | 2 | 2 |
| Medway | | | | | | | | | | | | | | |
| A289 Four Elms roundabout to Medway Tunnel | Mar-15 | Design in progress | 31/12/2020 | 01/03/2024 | 31/03/2024 | 39 | 0 | 4 | £1,821,046 | £1,821,046 | £0 | 1 | 3 | 3 |
| Strood Town Centre | Mar-15 | Construction in progress | 30/06/2018 | 01/03/2021 | 31/05/2021 | 35 | 2 | 4 | £8,600,000 | £8,200,431 | £399,569 | 2 | 2 | 3 |
| Chatham Town Centre | Mar-15 | LGF project delivered | 31/07/2017 | 01/10/2019 | 01/12/2019 | 28 | 2 | 1 | £4,200,000 | £4,200,000 | £0 | 1 | 1 | 1 |
| Medway Cycling Action Plan | Mar-15 | LGF project delivered | 31/03/2018 | 31/03/2019 | 31/03/2019 | 12 | 0 | 1 | £2,500,000 | £2,500,000 | £0 | 1 | 1 | 1 |
| Medway City Estate | Mar-15 | Design in progress | 31/03/2021 | 30/12/2021 | 31/12/2021 | 9 | 0 | 4 | £2,200,000 | £768,534 | £1,431,466 | 4 | 3 | 4 |
| Rochester Airport - phase 1 | Jun-16 | Construction in progress | 31/03/2018 | 01/11/2021 | 01/11/2021 | 43 | 0 | 4 | £4,400,000 | £2,993,948 | £1,406,052 | 4 | 3 | 4 |
| Innovation Park Medway (phase 2) | Feb-19 | Design in progress | 31/12/2020 | 01/03/2022 | 31/07/2022 | 19 | 4 | 4 | £3,700,000 | £1,136,968 | £2,563,032 | 3 | 3 | 3 |
| 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 | £3,500,000 | £0 | 1 | 1 | 1 |
| Innovation Park Medway (phase 3) | Jul-20 | Design in progress | 31/12/2021 | 01/03/2022 | 31/07/2022 | 7 | 4 | 4 | £1,518,500 | £338,827 | £1,179,673 | 3 | 3 | 3 |
| Southend | | | | | | | | | | | | | | |
| Southend Growth Hub | 2015 | LGF project delivered | 31/12/2016 | 01/03/2017 | 01/03/2017 | 2 | 0 | 1 | £720,000 | £720,000 | £0 | 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 | £1,000,000 | £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 | £4,300,000 | £0 | 1 | 1 | 1 |
| A127 The Bell | Nov-18 and Feb-19 | Construction in progress | 31/03/2021 | 31/08/2021 | 31/08/2021 | 5 | 0 | 4 | £4,300,000 | £2,220,096 | £2,079,904 | 4 | 1 | 3 |
| A127 Essential Bridge and Highway Maintenance | Sep-16, Nov-18 and Feb-19 and Feb 2021 | Construction in progress | 31/03/2021 | 31/08/2021 | 31/08/2021 | 5 | 0 | 4 | £8,207,000 | £6,866,502 | £1,340,498 | 4 | 1 | 3 |
| Southend Central Area Action Plan | Jun-16, Sep-17 and Feb-19 | Construction in progress | 31/03/2021 | 01/07/2021 | 01/07/2021 | 3 | 0 | 3 | £7,000,000 | £5,109,821 | £1,890,179 | 4 | 2 | 3 |
| London Southend Airport Business Park | Feb-16, Sep-17 and Sep-18 | Construction in progress | 31/03/2021 | 30/09/2021 | 31/03/2022 | 12 | 6 | 4 | £23,090,000 | £20,256,454 | £2,833,546 | 2 | 1 | 2 |
| Southend Town Centre Interventions | Jul-20 and Feb-21 | Design in progress | 01/03/2021 | 30/06/2021 | 30/09/2021 | 6 | 3 | 4 | £1,625,000 | £68,000 | £1,557,000 | 4 | 1 | 3 |
| Thurrock | | | | | | | | | | | | | | |
| TGSE LSTF - Thurrock | Mar-15 | LGF project delivered | 31/03/2016 | 31/03/2020 | 31/03/2020 | 48 | 0 | 1 | £1,000,000 | £1,000,000 | £0 | 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 | £5,000,000 | £0 | 1 | 1 | 1 |
| London Gateway/Stanford le Hope | Feb-17 | Construction in progress | 31/12/2018 | 01/08/2022 | 01/08/2022 | 43 | 0 | 5 | £7,500,000 | £7,500,000 | £0 | 4 | 5 | 5 |
| A13 - widening development | Feb-17 | LGF project delivered | 31/12/2019 | 31/12/2020 | 31/12/2020 | 12 | 0 | 1 | £5,000,000 | £5,000,000 | £0 | 1 | 1 | 1 |
| Purfleet Centre | Jun-16 | Construction in progress | 01/09/2022 | 01/01/2030 | 01/01/2030 | 28 | 0 | 4 | £5,000,000 | £5,000,000 | £0 | 2 | 1 | 2 |
| Grays South | Feb-19 | Design in progress | 01/07/2022 | 01/10/2023 | 01/10/2023 | 15 | 0 | 4 | £10,840,274 | £4,490,721 | £6,349,553 | 5 | 3 | 4 |
| A13 widening | Apr-17, Jul-20 and Mar-21 | Construction in progress | 31/12/2019 | 01/09/2021 | 01/11/2021 | 22 | 2 | 5 | £76,500,000 | £76,500,000 | £0 | 5 | 4 | 5 |
| Managed Centrally | | | | | | | | | | | | | | |

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|------------------|--------|-----------------------|------------|------------|------------|---|---|---|-------------|-------------|----|---|---|---|
| Capital Skills | Mar-15 | LGF project delivered | 31/03/2017 | 31/03/2017 | 31/03/2017 | 0 | 0 | 3 | £21,974,561 | £21,974,561 | £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 | £19,700,000 | £0 | 1 | 1 | 1 |

Appendix E - High risk LGF projects

| Project | RAG Rating | LGF allocation (£m) | Percentage of LGF allocation spent by 31 March 2021 | Main project risk | Funding conditions attached/Updates required by the Board |
|---|------------|---------------------|---|---|--|
| High risk LGF projects including those with outstanding funding conditions | | | | | |
| Queensway Gateway Road, East Sussex | | 10.0 | 100.0% | Land acquisition required for several parcels of land to enable completion of the project. | LGF funding spent in full by 31 March 2021. The Board will be provided with a detailed update on the Project, which sets out a clear delivery plan and associated milestones, at its meeting on 10 September 2021. |
| A127 Fairglen Junction Improvements, Essex | | 15.0 | 10.0% | Business Case has been submitted to DfT for approval. Decision still outstanding. | Board will be notified once DfT funding decision has been made. |
| A26 Tunbridge Wells improvements, Kent | | 1.8 | 65.4% | Uncertainty regarding deliverability of proposed change in scope for Phase 2 of the project | Under Agenda Item 9 the Board are asked to consider a proposed change in project scope. |
| A28 Chart Road, Kent | | 2.8 | 100.0% | Project on hold, awaiting confirmation of the local funding sources to enable the delivery of the project. Risk that LGF spend to date may become an abortive revenue cost and will need to be repaid to SELEP. | Project remains on hold. Board will be updated if the position changes and the project can progress to delivery or if there is a requirement for the LGF funding to be returned to SELEP for reallocation. |
| Maidstone Integrated Transport Package, Kent | | 8.9 | 51.6% | Complex programme of interventions with planning consent required for specific interventions within the programme. | The unspent LGF was transferred to Kent County Council on the condition that the required planning consents for Phases 1 and 3 would be secured by 1 September 2021. An update will be presented to the Board on 10 September 2021. |
| A28 Sturry Link Road, Kent | | 5.9 | 18.8% | Planning permission for the project was refused by Kent County Council. A revised planning application is due to be considered in July 2021. | The Board agreed that the remaining LGF balance for the project should be retained by the Accountable Body at the end of 2020/21 due to the ongoing planning concerns. The Board also agreed that planning consent must be in place for the project by 1 September 2021. An update on the outcome of the planning application will be presented to the Board on 10 September 2021. |
| M2 Junction 5, Kent | | 1.6 | 0.0% | Project awaiting approval by Secretary of State for Transport. | The full LGF allocation was transferred to Kent County Council at the end of 2020/21 on the condition that if the Secretary of State has not approved the project by 31 March 2022 that the LGF funding will be returned to SELEP for reallocation. |
| London Gateway/Stanford le Hope, Thurrock | | 7.5 | 100% | Planning permission has not yet been granted for the project. | Planning decision is expected in July 2021. The Board will receive a further update on the project in September 2021. |
| A13 Widening, Thurrock | | 76.5 | 100% | Project programme and costs have differed significantly from position set out in project Business Case. | Project is now nearing completion and work is ongoing to manage project costs. |
| High risk LGF projects(as reported at February Board) which have now met their funding conditions | | | | | |
| Bexhill Enterprise Park North, East Sussex | | 1.9 | 0.0% | Planning application was refused and outcome of the planning appeal was unknown at the end of 2020/21. | Outcome of the planning appeal was issued on 1st April 2021. Planning appeal was successful and planning permission is now in place. Project is progressing to delivery (Agenda Item 7). |
| Beaulieu Park, Essex | | 12.0 | 0.0% | Housing Infrastructure Fund agreement was not signed prior to the end of 2020/21, meaning the funding package for the project was incomplete. | Housing Infrastructure Agreement has now been signed and full funding package is in place to support delivery of the project (Agenda Item 7). |
| Total | | 143.9 | | | |

Appendix F - LGF Programme Risks (High Risks only)

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

| | | | | | |
|--|---|----------|----------|-----------|---|
| LGF spend beyond the Growth Deal period | Based on the current LGF spend forecast, LGF totalling £106.809m will be spent beyond the original Growth Deal deadline of 31 March 2021. | 3 | 4 | 12 | <p>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.</p> <p>SELEP has used Option 4 Capital Swaps to demonstrate the spend of all but £4.656m of the LGF at the end of 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.</p> |
| Delivery of LGF project benefits | <p>Local partners have made substantial progress towards the delivery of LGF projects, including the outputs identified in the project business cases. However, the economic impact of COVID-19 is likely to substantially reduce the benefits achieved through LGF investment, or at least slow the pace of benefit realisation. This could reduce the value for money achieved through the delivery of the LGF programme.</p> <p>There is also a risk that, in light of COVID-19, there may be changes to projects scope brought forward to the Board, which could impact the scale of benefits achieved through LGF investment. As such, the forecast outcomes to be achieved through the Growth Deal, in terms of houses and jobs, will require revision.</p> | 3 | 5 | 15 | <p>SELEP will work with local partners over the coming months to understand the potential impact of COVID-19 on the expected benefits to be received through LGF investment.</p> <p>For any new LGF funding decisions brought forward to the Board, consideration will be given to ensure there remains a strong strategic and economic case for investment in the projects, in light of the potential impacts of COVID-19 in leading to longer term behaviour change.</p> |

**Forward plan reference number: FP/AB/405
and FP/AB/406**

| | |
|---|-------------------------|
| Report title: Local Growth Fund – update on fulfilment of funding conditions | |
| Report to: Accountability Board | |
| Report author: Helen Dyer, SELEP Capital Programme Manager | |
| Meeting date: 2 July 2021 | For: Information |
| Enquiries to: helen.dyer@southeastlep.com | |
| SELEP Partner Authority affected: Essex and East Sussex | |

1. Purpose of report

- 1.1. In February and March 2021, the Accountability Board (the Board) approved the transfer of the remaining unspent Local Growth Fund (LGF) allocation to local partners to ensure compliance with assurances provided to Central Government that all the LGF funding would be contractually committed and spent by 31 March 2021. For higher risk projects, a number of conditions were attached to the transfer of the funding.
- 1.2. The purpose of this report is to provide the Board with an update on those projects which have now met their funding conditions.

2. Recommendations

- 2.1. The Board is asked to:
 - 2.1.1. **Note** that the Housing Infrastructure Fund (HIF) Grant Determination Agreement in relation to Beaulieu Park Station has now been signed fulfilling the LGF funding conditions attached to the Project;
 - 2.1.2. **Note** that planning permission has now been granted for the Bexhill Enterprise Park North project which satisfies the LGF funding conditions attached to the Project.
 - 2.1.3. **Note** that both projects will now proceed to delivery as set out within this report.

3. Summary Position

- 3.1. To receive the final tranche of LGF funding in 2020/21, SELEP was required to provide confirmation to Government that all LGF would be contractually committed and spent by 31 March 2021.
- 3.2. In practice, it was not feasible to spend the full remaining balance of LGF on LGF projects in 2020/21, as a result of COVID-19 related project delays and planned LGF spend beyond 31 March 2021.

Local Growth Fund – update on fulfilment of funding conditions

- 3.3. The Board agreed that SELEP should use the ‘freedoms and flexibilities’ afforded by Central Government to transfer the unspent LGF at the end of 2020/21 into local authority’s own capital programmes (Option 4 swap). This transfer of funding was approved on the basis that local authorities commit to financing the cost of the LGF investment in future years.
- 3.4. Alternatively, it was agreed that the LGF could be transferred from the SELEP Accountable Body to local authorities before the end of 2020/21 to be held by the local authority as a ringfenced grant.
- 3.5. For those higher risk projects, the Board agreed that conditions should be applied to the transfer of the remaining LGF funding to the relevant Local Authority. This report provides an update on 2 of those projects, which have now met their funding conditions and are able to progress to delivery.

4. Beaulieu Park Station

- 4.1. Beaulieu Park Station will be situated on the Great Eastern Mainline (GEML) between Chelmsford and Hatfield Peverel stations. As well as providing easy access to public transport for residents of the Beaulieu Park development, it will also to some extent relieve overcrowding at Chelmsford railway station and act as a transport interchange to encourage sustainable travel by bus, cycle, electric vehicles and on foot.
- 4.2. The Board approved the award of £12m LGF to the Project in February 2019, subject to the award of Housing Infrastructure Fund (HIF) funding by Ministry of Housing, Communities and Local Government (MHCLG). In August 2019, Essex County Council received confirmation that their bid for £123m HIF funding to support delivery of the new station had been successful. The Board has continued to receive regular updates on the Project whilst Essex County Council worked with MHCLG and Homes England to finalise the HIF Grant Determination Agreement.
- 4.3. In February 2021, the Board were advised that the project had progressed to Governance in Rail Investment Projects (GRIP) stage 4 – single option development. In addition, it was noted that Essex County Council Cabinet had agreed that a value engineering process should be undertaken to significantly reduce costs so as to remove a potential funding gap.
- 4.4. Despite this progress with the Project, there remained a significant risk to delivery due to a delay in the signing of the HIF Grant Determination Agreement. It was noted that negotiations were ongoing between Essex County Council and Homes England and a deadline of June 2021 for completion of the Grant Determination Agreement had been set. If Essex County Council were unable to agree the terms of the agreement with Homes England by June 2021, the HIF funding would be lost and a funding gap of £123m would be created meaning that the Project would be unable to proceed in the short to medium term.
- 4.5. In light of this risk, the Board agreed that the £12m LGF allocation should be transferred to Essex County Council prior to the end of 2020/21, on the condition that the funding would be returned to SELEP for reallocation if the Grant Determination Agreement was not completed by 30 June 2021. The LGF funding was transferred to Essex County Council in March 2021 in line with this decision.

Local Growth Fund – update on fulfilment of funding conditions

- 4.6. On the 16 March 2021, approval was sought from Essex County Council Cabinet (Cabinet) to enter into the Grant Determination Agreement with Homes England. Following consideration of a comprehensive report which covered both elements of Essex County Council's HIF allocation, Beaulieu Park Station and Chelmsford North East Bypass, Cabinet agreed to enter into the agreement with Homes England thereby securing the funding required to deliver Beaulieu Park Station and meeting the condition attached to the transfer of the LGF funding.
- 4.7. The funding package and expected funding profile for the Beaulieu Park Station project is set out in Table 1. This spend profile reflects the decision taken by the Board in July 2020 to allow Essex County Council to prioritise spend of the HIF funding to ensure compliance with the requirement to spend the full HIF allocation by March 2025. The Board had previously agreed that the LGF funding could be retained against the Project beyond 31 March 2021. This was agreed on an exception basis as the Project does not comply with all 5 conditions agreed by the Board for spend beyond the Growth Deal period as a construction contractor will not be contractually committed as required.

Table 1 – Funding Profile for the Beaulieu Park Station project (£m)

| Funder | Up to 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | Total |
|----------------------|---------------|--------------|---------------|---------------|---------------|---------------|----------------|
| HIF | 1.380 | 2.947 | 15.233 | 49.440 | 54.000 | - | 123.000 |
| S106 Contributions | 2.358 | - | - | - | - | 19.642 | 22.000 |
| SELEP - LGF | - | - | - | - | - | 12.000 | 12.000 |
| Essex County Council | 0.017 | - | - | - | - | - | 0.017 |
| Total | 3.755 | 2.947 | 15.233 | 49.440 | 54.000 | 31.642 | 157.017 |

- 4.8. It is intended that the new Beaulieu Park Station will open in late 2026.
- 4.9. Despite the primary funding risk being successfully mitigated through the completion of the HIF Grant Determination Agreement, there remain a number of other risks which will continue to be monitored and managed throughout project delivery. The key risks are:
- 4.9.1. Management of total Project costs – costs of delivering the Project are under constant review by Essex County Council and value engineering measures are being employed to mitigate any identified cost increases and to manage the overall Project cost to ensure the Project remains on budget.
- 4.9.2. Station operating costs – the terms of the Grant Determination Agreement require Essex County Council to cover any operating losses that occur with respect to the opening of the new station. Essex County Council are working with rail experts from Jacobs to understand and minimise the level of financial risk facing the council.
- 4.9.3. Delivery of new housing as specified in the Grant Determination Agreement – there remains a risk that the housing outcomes specified in the HIF bid will not be met. To mitigate this risk Essex County Council will use all reasonable endeavours to ensure that the housing developer continues to meet their S106 obligations and that housing delivery meets the specified targets.
- 4.10. The Board will continue to receive updates on the Project as it progresses through the GRIP stages towards delivery.

5. Bexhill Enterprise Park North

- 5.1. 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.
- 5.2. 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 will enable private sector investment.
- 5.3. 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.
- 5.4. The Board approved the award of £1.94m LGF to the Project in June 2019. £0.44m of the LGF allocation was transferred to East Sussex County Council in Q2 2019/20 but to date none of the LGF funding has been spent as the completion of the required back-to-back grant agreement between East Sussex County Council and Sea Change Sussex, as delivery partner, was put on hold following the refusal of the reserved matters planning application.
- 5.5. In October 2019, the reserved matters application for Bexhill Enterprise Park North was refused by the local planning authority 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. Following this decision, an appeal was submitted to the Planning Inspectorate in December 2019. Due to delays encountered as a result of the COVID-19 pandemic, the planning appeal hearing was not held until January 2021.
- 5.6. In March 2021 the Board were advised that the outcome of the planning appeal was still unknown and therefore there remained a risk that planning would be refused and that it would not be possible to bring forward development on the site in the short term.
- 5.7. In light of this risk, the Board agreed that the remaining £1.5m LGF allocated to the Project should be transferred to East Sussex County Council as a ring-fenced grant prior to the end of 2020/21, on the condition that the full funding allocation would be returned to SELEP for reallocation within 4 weeks of notice of an unsuccessful planning appeal or by 1 September if planning consent was not in place by that date. The LGF funding was transferred to East Sussex County Council in March 2021 in line with this decision.
- 5.8. Subsequently the Planning Inspectorate issued their decision on 1 April 2021 and all elements of the appeal were allowed. As a result, planning permission is now in place for both the LGF funded enabling works and the employment workspace fulfilling the condition attached to the transfer of the LGF funding to East Sussex County Council.
- 5.9. Subsequent to the decision by the Planning Inspectorate to award planning consent, East Sussex County Council are taking steps to enter into a back-to-back LGF grant agreement with Sea Change Sussex. Completion of this agreement will allow the funding to be issued to Sea Change Sussex to support delivery of the required enabling works.

Local Growth Fund – update on fulfilment of funding conditions

- 5.10. Whilst awaiting the outcome of the planning appeal Sea Change Sussex have progressed a number of workstreams including full design development, site clearance, site investigations and archaeological surveys. Through advance completion of these works, the delivery programme for the LGF funded enabling works has reduced from 9 months to 3 months, allowing Project completion before 30 September 2021. Construction of the employment workspace is expected to commence in Autumn 2021.
- 5.11. The enabling works will be fully funded through the LGF allocation and therefore a full funding package is in place to support delivery of these works. The employment workspace will be funded through private sector investment.
- 5.12. Due to the additional work undertaken whilst awaiting the outcome of the planning appeal, delivery of the LGF funded enabling works should be relatively low risk, although as with all construction projects will be at risk of increased costs and an extended delivery programme due to the impacts of the COVID-19 pandemic.
- 5.13. A further Project update will be included within the Local Growth Fund Programme Update report presented to the Board in September 2021.

6. Financial Implications (Accountable Body comments)

- 6.1. Essex County Council, as the Accountable Body for SELEP, is responsible for ensuring that the LGF funding is utilised in accordance with the conditions set out by Government for use of the Grant. The conditions state that the grant must be used for capital purposes; it is also subject to the requirements of the SELEP Assurance Framework and the decisions of the Board.
- 6.2. With the remaining balance of LGF for each project now transferred in advance to the Local Authority's (with the exception of £5.146m held for Essex County Council and Kent County Council projects), there is a requirement for the Board to continue to effectively monitor the progress of the LGF projects in order to provide assurance of delivery in line with the agreed business cases.

7. Legal Implications (Accountable Body comments)

- 7.1. The funding will be used for each project in accordance with the terms of the Service Level Agreement between SELEP Ltd, ECC as Accountable Body and each partner authority.

8. Equality and Diversity Implications

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

Local Growth Fund – update on fulfilment of funding conditions

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

9. List of Background Papers

- 9.1. [Beaulieu Park Station project web page](#)
- 9.2. [Bexhill Enterprise North project web page](#)

(Any request for background papers listed here should be made to the person named at the top 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) | 24/06/2021 |

Forward plan reference number: FP/AB/403,
FP/AB404, FP/AB/425

| | |
|---|----------------------|
| Report title: Local Growth Fund - High Risk Project Update Report | |
| Report to: Accountability Board | |
| Report author: Howard Davies, SELEP Capital Programme Officer | |
| Meeting date: 2 July 2021 | For: Decision |
| Enquiries to: howard.davies@southeastlep.com | |
| SELEP Partner Authority affected: East Sussex, Kent, Thurrock | |

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 high risk A28 Sturry Link Road and Queensway Gateway Road LGF projects.
- 1.2. The report will also update the Board on the London Gateway/Stanford le Hope LGF project which is now considered to be high risk.

2. Recommendations

- 2.1. The Board is asked to:

2.2. A28 Sturry Link Road:

- 2.2.1. **Note** the update on the Project;
- 2.2.2. **Agree** that the total £5.9m LGF allocation should be retained against the Project until 1 September 2021 when the outcome of the planning process must be known. Noting that if this is not agreed, that the unspent LGF balance of £135,000 currently held by Kent County Council must be returned to Essex County Council, as the Accountable Body, within 4 weeks of this meeting for reallocation to the next project(s) on the LGF pipeline, alongside the remaining £4.656m LGF allocation still held by the Accountable Body;
- 2.2.3. **Note** that a further update will be brought to the September Board meeting which will set out the outcome of the planning process and the next steps for the Project (subject to Board agreeing the recommendation at 2.2.2);

2.3. Queensway Gateway Road

- 2.3.1. **Note** the update on the Project, the further delay to delivery of the temporary connection and the steps which need to be taken to secure completion of the Project;

- 2.3.2. **Note** that a further update will be provided to the Board in September 2021, which sets out a clear delivery plan and associated milestones.

2.4. **London Gateway/Stanford Le Hope**

- 2.4.1. **Note** the update on the Project and the risks identified;
- 2.4.2. **Agree** that a further update be brought to the Board in September 2021, which sets out a clear delivery plan, with associated milestones and confirms that a full funding package is in place.

3. **Summary Position**

- 3.1. At the Accountability Board meeting in March 2021 Board members agreed to transfer all unspent LGF funding to local partners apart from the remaining £4.656m allocation for the A28 Sturry Link Road.
- 3.2. To inform the Board's decision, an update was provided on the following high risk projects, and this report gives an updated position on project delivery:
 - 3.2.1. Sturry Link Road
 - 3.2.2. Queensway Gateway Road
- 3.3. The Board will also receive an update on the London Gateway/Stanford le Hope project which has now been assessed as being high risk.

4. **A28 Sturry Link Road**

- 4.1. The Project involves the delivery of a new link road between the A291 and A28, to the south west of Sturry, Canterbury. The LGF is due to contribute to the cost of constructing a bridge over the railway line and the Great Stour River, to enable traffic to avoid the Sturry level crossing and the congested road network in the area.
- 4.2. The Board approved the award of £5.9m LGF to the Project in June 2016 but delivery of the Project has progressed at a slower rate than expected as a result of planning complications and other delivery risks.
- 4.3. A Project update was provided to the Board in March 2021 which indicated that whilst a formal decision notice was yet to be issued, the indications were that the Kent County Council planning committee had narrowly chosen to refuse the planning application for Sturry Link Road at their meeting on 9 March 2021.
- 4.4. The Board agreed that the Project should be given more time to understand and address the reasons for planning refusal and as such agreed:
 - 4.4.1. that LGF spend on the project remain on hold and the £4.656m LGF currently held by Essex County Council, as the Accountable Body, continue to be held by the Accountable Body at the end of the 2020/21 financial year;
 - 4.4.2. that planning consent must be in place for the Project by 1 September 2021; and

- 4.4.3. that a further update is provided to the Board on 2 July 2021 to set out the latest position of the Project.
- 4.5. Subsequent to the March 2021 Board meeting, a formal planning decision notice was issued indicating that planning had been refused due to concerns regarding inadequate provision of public transport infrastructure, inadequate provision for local traffic movements and a failure to demonstrate that the navigation of the Great Stour River would not be compromised as a result of the proposed viaduct.
- 4.6. A revised planning application, with minor amendments and clarifications to address the grounds for refusal, is expected to be considered by Kent County Council planning committee on 14 July 2021. The Board will receive an update on the outcome of this planning application at the September Board meeting.
- 4.7. In the interim, the Board are asked to agree that the total £5.9m LGF allocation should be retained against the Project until 1 September 2021 when the outcome of the planning process must be known.
- 4.8. If the Board do not agree that the LGF allocation should be retained against the Project until 1 September 2021, Kent County Council will be required to return the unspent LGF balance held of £0.135m to Essex County Council, as the Accountable Body for SELEP, within 4 weeks of this Board meeting. As set out in Agenda Item 6, the Accountable Body still hold £4.656m of the LGF allocation to the Project. This funding, alongside the funding returned by Kent County Council, will be reallocated to alternative projects through the LGF project pipeline.
- 4.9. In addition to the above mentioned planning risk, the project programme is also subject to other delivery risks including land acquisition. The Board were advised in March that a land agent had been appointed to lead on land negotiations. The affected landowners have been consulted during the design phase, in order to enable their initial concerns to be mitigated, through design amendments. Once planning has been confirmed, Kent County Council will be in a stronger position to progress negotiations, with the intention of acquiring the land through voluntary negotiations.
- 4.10. If a Compulsory Purchase Order inquiry is required, this will add to the timescales for delivering the project and will risk an increase in LGF spend beyond 30 September 2021. Kent County Council intend to run the Compulsory Purchase Order in parallel with the negotiations to reduce the impact on the construction programme.
- 4.11. The Board will receive a full update on the Project in September 2021 which will set out the outcome of the planning process and the next steps for the Project. If planning is not confirmed by 1 September, the Board will be asked to agree the reallocation of the remaining £4.791m unspent LGF to the next project(s) on the LGF project pipeline. Whilst the SELEP Accountable Body still hold £4.656m of the remaining LGF allocation for the Project, the balance of £0.135m is currently held by Kent County Council. If planning permission is not granted by 1 September 2021, the Board will be asked to agree that Kent County Council return the LGF funding held within 4 weeks of the Board meeting to facilitate timely reinvestment of the funding.

5. Queensway Gateway Road

- 5.1. The Project will deliver a single carriageway road link between A21 Sedlescombe Road North and Queensway in Hastings. Construction of this road link provides access to designated employment development sites within the Bexhill Hastings Growth Corridor which would otherwise not be brought forward. The Project is in receipt of £10m from the Local Growth Fund, which has been spent in full supporting project delivery to the end of 2020/21.
- 5.2. The original Business Case indicated that the Project would complete in November 2016. As the Board are aware from previous updates, delivery of the Project has been slower than anticipated due to delays in acquiring the land required to complete the final section of the route. In light of these delays, 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.

Temporary Connection

- 5.3. The temporary connection involves the introduction of traffic lights at the junction between the A21 and Junction Road and securing a Traffic Regulation Order (TRO) for the section of road between Junction Road and The Ridge. The delivery of the temporary connection will allow the realisation of the employment benefits of the scheme and will assist with traffic management during the construction of the final section of the permanent connection.
- 5.4. To enable the use of the temporary connection a permanent TRO will be progressed. The prevention of traffic in Junction Road is required for both the temporary connection and the proposed permanent solution and therefore the use of a permanent TRO is the most efficient way to deliver the completion of the scheme. The normal timescale for processing a permanent TRO is around 6-12 months. The actual timescale will be dependent on the level of objections that are received to the TRO consultation, and how quickly Sea Change Sussex (SCS), as delivery partner, are able to resolve the objections. East Sussex County Council (ESCC) will work with SCS to reduce the timeframe for completion of the TRO as much as possible.
- 5.5. It was noted in the update to the Board in March 2021 that further transport modelling work for the temporary connection with the A21 had been presented to Highways England for consideration. This demonstrated that the temporary scheme will work satisfactorily and would not have a wider detrimental impact on the strategic and local road networks over a 15 year period. As a consequence, Highways England have now provided an in principle technical approval of the modelling aspect of the scheme, while SCS are working through the Road Safety Audit process with Highways England. Once Highways England has completed the safety audit process and given the scheme the go ahead, SCS will be able to carry out the detailed design of the temporary scheme, which will then be submitted to Highways England and ESCC for technical approval.
- 5.6. The required legal agreements between SCS, ESCC and Highways England to enable construction of the temporary solution remain outstanding.
- 5.7. Work on the legal agreements can now begin until SCS has completed their detailed design and received technical approval from both Highways England and ESCC. ESCC will issue

instructions to its legal team as soon as the detailed design has been approved. The process of agreeing terms on the legal agreement will not be onerous, but it should be noted that the legal agreement will also require the input of the legal team at Highways England. Timings for the works are still not known for certain, as the necessary road space needs to be booked with ESCC and Highways England and it is not known how long SCS will take to produce an acceptable detailed design.

- 5.8. The expected programme for delivery of the temporary connection is 8 weeks and it is therefore anticipated that the temporary link will be constructed and complete by early Autumn 2021 with the full route open to traffic as soon as the TRO has been processed, which as set out in 5.4 could take a total of 6 to 12 months to complete.

Permanent Connection

- 5.9. The majority of the permanent connection has been delivered, however, the final section which joins the new road to the A21 remains outstanding. Construction of the proposed roundabout junction with the A21 is dependent upon completion of the ongoing land acquisition process.
- 5.10. At this stage land acquisition negotiations are ongoing, which means it is not possible to provide a definite timeline for completion of the permanent connection.
- 5.11. ESCC have indicated that their preferred scenario would be for SCS to secure all the necessary land through negotiations from all of the relevant landowners. If this can be achieved, SCS has indicated that the construction works to complete the permanent connection would commence in Summer 2021. Based on this programme, construction of the Project would complete in January 2022, with the road opening to traffic following completion of the TRO referenced in Section 5.4 of this report. However, if the land cannot be secured through negotiation, and a Compulsory Purchase Order process is deemed necessary, then the construction start and completion could be delayed further by anywhere between 6 and 18 months.

Next steps

- 5.12. East Sussex County Council are in the process of procuring an independent expert (in relation to whether there is a case for a Compulsory Purchase Order) to undertake an assessment of all options available to facilitate completion of the project. The intention is that this work will be undertaken before the next Board meeting in September.
- 5.13. At the time of preparing this update, ESCC has received a report from SCS on progress with the Project and the future options for the scheme which ESCC needs to fully consider before coming to a view. ESCC will review the contents of the report over the coming weeks and will liaise with the SELEP Secretariat as required.
- 5.14. As agreed at the March 2021 Board meeting, a full update on the Project including a clear delivery plan and associated milestones will be presented at the September 2021 Board meeting. It is expected that this update will include consideration of progress on the required land acquisitions, the delivery programme and the Project budget.

6. London Gateway/Stanford le Hope

Local Growth Fund - High Risk Project Update Report

- 6.1. The project aims to ensure that high quality accessibility is provided by non-car means through better bus facilities in Stanford Le Hope and high-quality rail/bus integration to attract employees, through:
 - 6.1.1. Targeting a BREEAM (Building Research Establishment Environmental Assessment Method) certified new station building, with passenger toilets, widened platform, level access to building and station platforms, real time customer information systems (Phase 1);
 - 6.1.2. A new multi-modal interchange and station buildings with car drop off positions, taxi rank, cycle parking and bus shelter (Phase 2).
- 6.2. The interchange will improve connectivity/accessibility with London Gateway DP World and encourage use of sustainable travel modes.
- 6.3. The Board approved an LGF allocation of £7.5m to the Project in February 2017 and this allocation has been spent in full supporting initial design and demolition works.
- 6.4. Although the Project is underway, progress has been relatively slow up to this stage. Demolition has taken place, but issues remain around the scope of the project, contract issues and planning permissions.
- 6.5. In February 2021, a Full Planning Application for a replacement and upgraded station building and passenger footbridge was presented to Planning Committee. It had been expected to pass uncontested, as a similar, but unaffordable concept design was granted planning in 2017. The granting of full planning would have facilitated that phase of the works going out to a detailed design and build tender via a procurement framework, available through the Thurrock Council portfolio. Unfortunately planning permission for the Phase 1 Station Upgrade, was deferred, until more details of the Phase 2 Mobility Hub were available.

Current Position

- 6.6. Phase 1 – Station Upgrade – There is a fully developed concept design for the station, replacement footbridge and associated works. Prior to a resubmission of the planning application the project team are using the time to undertake a detailed cost and value review focused on potential savings from scope reduction and material substitutions, an exercise which is being supported by the train operators and Network Rail as well as the designers.
- 6.7. Phase 2 – Mobility Hub – The design team has been asked to re-visit the design objectives for Phase 2 and to view it in a more integrated, holistic manner. The aim being to encourage the use of improved and safer pedestrian, cycle, and public transport options, whilst at the same time making better use of the available space by re-examining the bus turning requirement. The design team are currently working on the development of a wider transport strategy, that can be used to demonstrate the Council's wider ambitions, sufficient enough to give the Planning Committee the confidence it requires to grant the Full Planning to Phase 1.
- 6.8. Planning – By presenting a transport strategy demonstrating a philosophy that encourages the use of improved and safer pedestrian, cycle, and public transport options, the scheme

Local Growth Fund - High Risk Project Update Report

promoters are proposing to re-present the Phase 1 station in a Full Planning Application again in July 2021 supported by an Outline Planning Application for the Mobility Hub. It is anticipated that supplementing the Phase 1 application with a clear vision of the Phase 2 objectives, will give Planning Committee sufficient confidence to lift the deferment and grant full planning approval to Phase 1. Discussions are ongoing with planning officers to agree this approach and present to Planning Committee in July.

- 6.9. Funding - The project management team are working hard to develop a robust and realistic budget forecast to ensure that the scheme represents best value and to enable Thurrock Council to secure additional funds.
- 6.10. Legal – Thurrock Council's legal team have been working closely with Thurrock Council's Procurement Team on the development of the New Engineering Contracts (NEC) which will be the basis of the agreement between Thurrock and the delivery partners once they are appointed. This document is complete in all but the final details of the scope. Once Full Planning is granted for Phase 1 and affordability of the overall project is assured, progress can be made in the procurement of a delivery partner for the detailed design and delivery of Phase 1 and the design, planning and construction of Phase 2.

Next steps

- 6.11. As set out above, work is continuing to address the unexpected planning delays encountered by the Project. It is anticipated that a full planning application for Phase 1 and an outline planning application for Phase 2 will be submitted in July 2021. Alongside this, work is ongoing to optimise and to prepare for procurement through design and build contracts.
- 6.12. It is recommended that a detailed update on the Project is provided at the September 2021 Board meeting. This update should inform the Board on the latest status of the following:
 - 6.12.1. planning position and an update on the July Planning Committee decision;
 - 6.12.2. an updated delivery programme and timeline;
 - 6.12.3. confirmation of a full funding package being in place and confirmation of funding to support the project if costs have risen; and
 - 6.12.4. update on progress on the NEC agreement.

7. Financial Implications (Accountable Body comments)

- 7.1. There continue to be a number of challenges to completion of the Project's in this report, albeit that the majority of the LGF has been spent to date (on London Gateway/Stanford le Hope and Queensway Gateway Road projects); this presents risks on assuring delivery of the expected outcomes, given the lack of certainty on the timelines for completion of the Project's.
- 7.2. To mitigate these risks, the Board is advised to keep under review the delivery progress of these projects and to take this into account with regard to any further funding decisions made.

Local Growth Fund - High Risk Project Update Report

- 7.3. Essex County Council, as the Accountable Body, is responsible for ensuring that the LGF funding is utilised in accordance with the conditions set out by Government for use of the Grant.
- 7.4. All LGF is transferred to Thurrock Council, East Sussex County Council and Kent County Council, as the Project Lead Authority's, under the terms of a Funding Agreement or SLA which makes clear that funding can only be used in line with the agreed terms.
- 7.5. The Agreements also set out the circumstances under which funding may have to be repaid should it not be utilised in line with the conditions of the grant or in accordance with the Decisions of the Board.

Sturry Link Road

- 7.6. Given the complexities associated with this Project, on-going monitoring of the risks and dependencies by the Board is advised, particularly with respect to any potential future blockers to delivery; potential identified risks include the requirement to purchase land either via negotiation or CPO. If a CPO is required, this will add to the timescales for delivering the project, although it is noted that KCC are intending to mitigate this risk, in part, by running the CPO in parallel with the negotiations, to reduce the impact on the construction programme.
- 7.7. The Accountable Body will continue to hold the remaining £4.656m LGF in relation to the Project until the Board confirm that it can be released for payment.

Queensway Gateway Project

- 7.8. Since the update provided to the Board in March 2021 for Queensway Gateway, it is noted that the timeline to construct the temporary solution has slipped by a further estimated 2 to 3 months in addition to a slippage of 6 months previously reported. In addition there remains the need to secure the required Traffic Regulation Order and to complete the legal agreements with the relevant parties which in this update has been estimated could take 6-12 months. This will further delay the opening and usage of the temporary solution.
- 7.9. A key risk for Queensway Gateway Project remains the lack of clear timescales with which to conclude the purchase of the land required to complete the permanent solution. It is indicated above that the decision on the preferred purchasing route, is expected to be provided at the September 2021 Board meeting; under the preferred scenario, the Project could complete by January 2022, extending by up to a further 12 months if a CPO is needed.
- 7.10. The Board are advised to seek assurances from East Sussex County Council that any risks to meeting the revised timeline set out are being effectively managed, given the significant delays already associated with securing the land to complete this Project. They are also advised to seek an understanding of the timelines for any outstanding approvals and dependencies that will be required to enable completion of both solutions.
- 7.11. Should it not be possible to deliver the final section of the permanent connection, which will enable the full realisation of the benefits set out within the Project Business Case, there is a risk that the Project may no longer meet the conditions of the Funding

Agreement. In these circumstances, the Board may consider recovering some, or all, of the £10m LGF allocated to the Project from East Sussex County Council.

London Gateway/Stanford le Hope

- 7.12. An update on the London Gateway/Stanford le Hope Project will be provided to the Board on 10 September 2021 which will present details of the current status of delivery and planned mitigation in relation to the funding, planning and legal risks highlighted in this report.

8. Legal Implications (Accountable Body comments)

- 8.1. There are no significant legal implications arising from the proposals set out in this report

9. Equality and Diversity Implications

- 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:

9.1.1. Eliminate unlawful discrimination, harassment and victimisation and other behaviour prohibited by the Act

9.1.2. Advance equality of opportunity between people who share a protected characteristic and those who do not.

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

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

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

10. List of Appendices

- 10.1. Appendix A – Sturry Link Road Project Background
- 10.2. Appendix B – Queensway Gateway Road Project Background
- 10.3. Appendix C – London Gateway/Stanford Le Hope Project Background

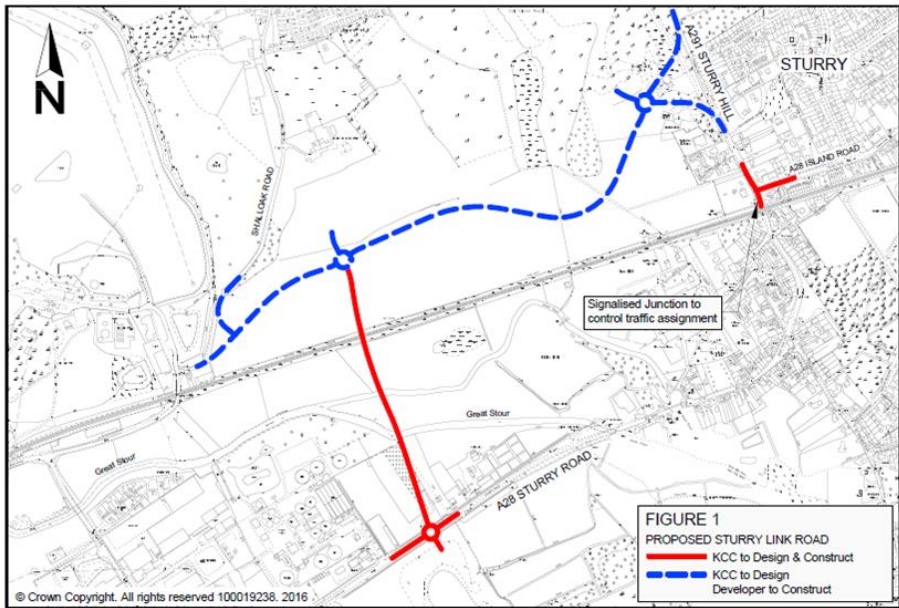
(Any request for background papers listed here should be made to the person named at the top of the report who will be able to help with any enquiries)

| Role | Date |
|---------------------------|------|
| Accountable Body sign off | |

Local Growth Fund - High Risk Project Update Report


| | |
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| Stephanie Mitchener (on behalf of Nicole Wood, S151 Officer, Essex County Council) | 24/06/2021 |
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Appendix A – LGF Project Background Information

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|---|--|
| Name of Project | <p>Sturry Link Road, Kent</p> <p>Kent County Council</p> |
| Local Growth Fund (LGF) allocation | £5.9m |
| Description of what Project delivers | <p>The Project is for the delivery of the new link road between the A291 and A28, to the south west of Sturry, Canterbury. The LGF is due to contribute to the cost of constructing a bridge over a railway line and the Great Stour River, to enable traffic to avoid the Sturry level crossing and the congested road network in the area. The sections shown in red in Figure 1 below show the sections of road included as part of the scope of the LGF Project.</p> <p>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.</p> <p>Figure 1 A28 Sturry Link Road</p>  <p>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</p> |

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| | congestion to trips along the A28. This level of congestion is a major constraint on development to the north east of Canterbury. |
| Project benefits | <p>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.</p> <p>The scale of development unlocked by the Project includes residential development at the following sites:</p> <ul style="list-style-type: none"> • Broad Oak Farm and Sturry – 1106 homes; • Hoplands Farm, Hersden – 250 homes; • Colliery Site, Hersden – 370 homes; • North Hersden – 800 homes; • Other sites in the north eastern quadrant of Canterbury District |
| Project constraints | <ol style="list-style-type: none"> 1. Planning Permission is not yet in place for the LGF funded element of the proposed works; 2. Work is ongoing to finalise the funding package. |
| Link to Project page on the website with full Business Case | https://www.southeastlep.com/project/a28-sturry-link-road/ |

Appendix B – LGF Project Background Information

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|---|---|
| Name of Project | Queensway Gateway Road, Hastings East Sussex County Council |
| Local Growth Fund (LGF) allocation | £10,000,000 |
| Description of what Project delivers | <p>The Queensway Gateway Road scheme comprises 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 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.</p>  <p>The road will connect the Combe Valley Way (formerly known as the Bexhill Hastings Link Road) via Queensway to the A21, redistributing traffic from Combe Valley Way and The Ridge heading towards the A21. The opening of the Combe Valley Way changed the balance of traffic movements in the Hastings and Bexhill area, and has resulted in increased traffic volumes along the Ridge and Queensway. By relieving congestion, the Queensway Gateway</p> |

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| | <p>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.</p> <p>The key objectives of the project are:</p> <ul style="list-style-type: none"> • to support the development and employment potential of the Bexhill Hastings Growth Corridor; • to improve strategic access between the A21 and Queensway/ Combe Valley Way and thereby strategic access to employment and housing sites in North Bexhill and Hastings; and • to alleviate congestion at junctions to the A21 enabling Combe Valley Way to perform to its full potential as a driver of economic growth. |
| Project benefits | <p>The Queensway Gateway Road provides access to designated employment development sites within the Bexhill Hastings Growth Corridor which would otherwise not be brought forward.</p> <p>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.</p> <p>It is expected that the Project will lead to the creation of 900 new jobs. In addition, the development of Queensway Gateway Road and Combe Valley Way 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.</p> |
| Project constraints | <p>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.</p> <p>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 either through negotiation or potentially through a Compulsory Purchase Order. This issue has delayed the completion of the Project and is identified as a significant risk to delivery.</p> |
| Link to Project page on the website with full Business Case and links to any previous | <p>https://www.southeastlep.com/project/queensway-gateway-road/</p> <p>Funding decision (note: original LGF allocation to the project was £15m):</p> <p>https://www.southeastlep.com/app/uploads/2018/06/Minutes-SELEP-Board-20th-March-2015-V3.pdf</p> |

**decisions by
Accountability
Board and/or
Strategic Board**

Project changes:

<https://www.southeastlep.com/app/uploads/2020/08/Accountability-Board-Summary-of-Decisions-23.02.18.pdf>

Appendix C – LGF Project Background Information

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|---|---|
| Name of Project | <p>London Gateway/Stanford Le Hope</p> <p>Thurrock Council</p> |
| Local Growth Fund (LGF) allocation | £7.5m |
| Description of what Project delivers | <p>On the north banks of the Thames Estuary in Stanford-le-Hope, Essex, London Gateway is the UK's newest and most technologically advanced deep-sea container port catering for global shipping. Once fully developed, London Gateway will comprise six deep sea shipping berths alongside Europe's largest logistics park comprising up to 830,000 square metres of 'B' class warehouse floorspace. In total DP World London Gateway is anticipated to generate approximately 12,000 direct jobs (on-site) with a further 24,000 indirect jobs created within supply chains.</p> <p>DP World London Gateway is remote from the Thurrock Urban Area and accessibility will be an issue for prospective employees without access to a car. Ensuring a sufficient labour supply and good job/skills matching will be critical for not only realising the growth but sustaining the jobs in the long term by maximising productivity. It is therefore necessary to ensure that high quality accessibility is provided by non-car means through better bus facilities in Stanford-le-Hope and high-quality rail/bus integration to attract employees. In addition, good quality passenger transport facilities and bus/rail integration will be necessary to achieve the modal split targets for the development.</p> <p>The project scope will consist of a new multi-modal interchange and station buildings.</p> <p>The new multi-modal interchange will provide:</p> <ul style="list-style-type: none"> • 2 car passenger drop-off positions with landing island; • 2 taxi rank positions with landing island and shelter; • Protected pedestrian walking routes and desire lines; • 2 drop off and 1 pick-up position for a 12m rigid bus (allowing for double-decker) with waiting facilities; and • 84 new secure cycle parking spaces. <p>The new station buildings will:</p> <ul style="list-style-type: none"> • Target a BREEAM Excellent rating; • Adopt best practice station design to develop a carbon neutral station. Station design should include LED lighting, heat pump, heat recovery, rainwater harvesting and be thermally efficient; • Offer increased and integrated waiting facilities with customer information systems; • Include passenger toilets, a commercial retail facility, widened Platform 1 with covered waiting areas, integrated passenger footbridge with lifts and level access from London Road to both station buildings and to the platforms; |

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| | <ul style="list-style-type: none"> • Offer provision for electric pedal bike hire scheme and charging points and real-time customer information system for shuttle bus services to external waiting shelter and internal railway station waiting area. |
| Project benefits | <p>The project will:</p> <ul style="list-style-type: none"> • Develop an interchange that will connect bus, rail, cycle, taxi and pedestrian modes of transport at Stanford-le-Hope station; • Expand capacity at Stanford-le-Hope station turnstiles; • Implement a package of works that meets the requirements of travel plans for London Gateway and unlocks the next phase of development at London Gateway; • Provide improvements to public transport infrastructure and service reliability to new housing developments and to the major employment growth sites at London Gateway/Coryton; and • Help curb traffic growth and minimise growth in transport emissions in the area through this new transport interchange. |
| Project constraints | <ol style="list-style-type: none"> 1. Planning Permission is not in place for either element of the project; 2. Work is ongoing to confirm that a full funding package is in place. |
| Link to Project page on the website with full Business Case | https://www.southeastlep.com/project/london-gateway-stanford-le-hope/ |

Forward plan reference number: FP/AB/407

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|---|----------------------|
| Report title: Tunbridge Wells A26 Cycle and Junction Improvements Package project change request | |
| Report to: Accountability Board | |
| Report author: Helen Dyer, SELEP Capital Programme Manager | |
| Meeting date: 2 July 2021 | For: Decision |
| Enquiries to: helen.dyer@southeastlep.com | |
| SELEP Partner Authority affected: Kent County Council | |

1. Purpose of report

- 1.1. The purpose of this report is for the Board to receive an update on the Tunbridge Wells A26 Cycle and Junction Improvements Package (the Project) and to consider a request to change the scope of the Project.

2. Recommendations

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

Option 1

- 2.1.1. **Agree** to retain the £1.8m LGF allocation against the Tunbridge Wells A26 Cycle and Junction Improvements Package until 10 September 2021; and
- 2.1.2. **Agree** that an updated Business Case which demonstrates that the revised scope for the Tunbridge Wells A26 Cycle and Junction Improvements Package offers High value for money should be presented to the Board on 10 September 2021, along with evidence as to how the Project meets the conditions for spend beyond 30 September 2021; **OR**

Option 2

- 2.1.3. **Agree** that the change of project scope should not be implemented and that the £623,389 unspent LGF funding allocated to the Tunbridge Wells A26 Cycle and Junction Improvements Package Project should be returned by Kent County Council for reallocation through the LGF Project pipeline within four weeks of this Board meeting; and
- 2.1.4. **Agree** that there is compelling justification for the SELEP Accountable Body not to recover the £1.177m LGF spent on the Tunbridge Wells A26 Cycle and Junction Improvements Package Project to date, provided that the spend continues to meet the requirements of the funding agreement which is in place.

3. Summary Position

Tunbridge Wells A26 Cycle and Junction Improvements Package project change request

- 3.1. The Project has been awarded a total of £1.8m LGF. This funding was split across two separate Business Cases which were approved by the Strategic Board in June 2015 and by the Board in September 2017.
- 3.2. To date £1.177m of the £1.8m LGF allocation has been spent in accordance with the approved Business Cases.
- 3.3. Following the release of new Department for Transport (DfT) guidance for local authorities on designing high-quality, safe cycle infrastructure in July 2020, it is no longer possible for the full scope of works as set out in the Business Case to be delivered within the available budget. To address this issue, a change to the project scope which considers the investment of the remaining £623,000 has been submitted for consideration by the Board.

4. Background

- 4.1. At the start of the LGF programme, £1.8m of LGF funding was allocated to support the delivery of the Yew Tree Road/Speldhurst Road/A26 junction improvement scheme in Tunbridge Wells. The aim of this project was to ease congestion and facilitate growth.
- 4.2. In June 2015, the Strategic Board approved the award of £0.85m LGF to be used to improve the staggered crossroad configuration of the London Road/Yew Tree Road/Speldhurst Road junction. The objective of the scheme was to improve the operation of the junction helping to tackle congestion at peak times. In addition, it was noted that improving the operation of the junction was also important to accommodate new travel demand arising from planned housing and employment allocations in the area.
- 4.3. The Board received an update on the Project in June 2016, which outlined a request to expand the scope of the Project to include further transport improvements in Tunbridge Wells designed to maximise the benefits realised through the LGF investment. It was envisaged that the scheme would bring forward proposals for further junction improvements and as a result the Project was renamed accordingly – A26 Tunbridge Wells Junction Improvements.
- 4.4. Subsequently, the Board received a further update on the Project in September 2017 which indicated that a study of the A26 corridor had concluded that, beyond the improvements to the Yew Tree Road/Speldhurst Road/A26 junction, there were no meaningful highway capacity solutions available to address the peak time congestion along the route. In light of this conclusion, and with the knowledge that part of the A26 had been identified as an Air Quality Management Area with the majority of traffic movements either originating or ending within the Tunbridge Wells urban area, the Board were asked to approve a further change to the Project scope allowing the incorporation of cycle measures. This change was requested to support the need to promote modal shift to walking, cycling and public transport in response to the identification of the Air Quality Management Area.
- 4.5. The Board approved the change of Project Scope – now the Tunbridge Wells A26 Cycle and Junction Improvements Package – and at the same meeting considered the award of the remaining LGF funding to support the delivery of significant improvements to the cycle infrastructure along the length of the A26 between Grosvenor Road, Tunbridge Wells and Brook Street, Tonbridge. The aim of this element of the Project was to encourage more cycling along the route which would contribute towards congestion relief, improvements in

air quality, accessibility, improved health and quality of life, whilst also supporting economic growth in the area.

5. Delivery to date

- 5.1. To date, £1.177m of the £1.8m LGF allocation to the Project has been spent in accordance with the agreed Business Cases. The LGF spend profile over the course of the Project is set out in Table 1 below.

Table 1: LGF spend on the Tunbridge Wells A26 Junction and Cycle Improvements Package (£m)

| £m | 2015/16 | 2016/17 | 2017/18 | 2018/19 | 2019/20 | 2020/21 | 2021/22, 2022/23 | Total |
|-----------|---------|---------|---------|---------|---------|---------|---------------------|-------|
| LGF spend | 0.603 | 0.189 | 0.049 | 0.315 | 0.010 | 0.011 | 0.623 | 1.800 |

Tunbridge Wells A26 Junction Improvements

- 5.2. The proposed improvements to the Yew Tree Road/Speldhurst Road/A26 junction were delivered during 2015/16 and 2016/17 at a reduced cost of £800,000.
- 5.3. The works focused on enhancing the existing junction layout and traffic signals to provide the optimum junction improvement. This was achieved through upgrading traffic islands at the junction and through adjusting vehicle and pedestrian signal timings and phasing to most effectively manage traffic and pedestrian movements.

Tunbridge Wells A26 Cycle Improvements

- 5.4. The Business Case considered by the Board in September 2017 indicated that cycle improvements would be delivered along the full 4 mile length of the A26 between Tunbridge Wells and Tonbridge. The key proposals for this route included the widening of existing advisory cycle lanes to provide mandatory lanes, raised tables or contrasting surface treatment at all side junctions, removal of some on-street parking, provision of two bus stop bypass features and improved signage throughout the route.
- 5.5. It was proposed that these improvement works would be undertaken in three phases, as follows:
- 5.5.1. Phase 1 – Grosvenor Road, Tunbridge Wells to Speldhurst Road/Yew Tree Road, Southborough;
 - 5.5.2. Phase 2 – Speldhurst Road/Yew Tree Road, Southborough to Bidborough Ridge, Bidborough; and
 - 5.5.3. Phase 3 – Bidborough Ridge, Bidborough to Brook Street, Tonbridge.
- 5.6. To date, only the Phase 1 improvement works have been completed. These works included widening of existing cycle lanes, contrasting surface treatment at side junctions and improved signage.

- 5.7. Reporting received from Kent County Council indicates that as a result of the completion of the junction and cycle improvement works outlined above, 91 jobs have been created and 106 homes completed.

6. Requested change to Project scope

- 6.1. Following the release of new DfT guidance for local authorities on designing high-quality, safe cycle infrastructure in July 2020, it is no longer possible for the full scope of works as set out in the Business Case to be delivered within the available budget and therefore alternative options have been considered.
- 6.2. The Project change request proposes that the scope of the cycle improvements element of the Project is reduced from three phases (as set out at section 5.5) to two phases, as follows:
- 6.2.1. Phase 1 – Grosvenor Road, Tunbridge Wells to Speldhurst Road/Yew Tree Road, Southborough;
 - 6.2.2. Modified Phase 3 - Birchwood Avenue, Southborough to Mabledon/Tonbridge and Malling Borough Council boundary.
- 6.3. As indicated above, the Phase 1 works have already been delivered. Under the proposed revised project scope, the Phase 2 works outlined at section 5.5 in this report, would no longer form part of the LGF funded package of works.
- 6.4. The Project change request proposes that the remaining £623,389 LGF is used to bring forward modified Phase 3 cycle improvements. The area covered by the modified Phase 3 is broadly in line with the stretch of the A26 outlined at 5.5.3 above, however, the works would commence slightly closer to Tunbridge Wells than originally intended and would finish at the Tonbridge and Malling Borough Council boundary, rather than continuing to Brook Street, Tonbridge. . These works will be delivered in accordance with the updated guidance from the DfT and will include a 3m wide bi-directional cycle track (2.5m minimum) between Birchwood Avenue and the borough boundary, alongside a new toucan crossing.
- 6.5. The proposed works will build on the work undertaken in Phase 1 and will deliver further enhancements to the route for pedestrians and cyclists. In addition, the delivery of these works would respond to the aims set out in recent transport policy relating to the decarbonisation of the transport network through facilitating active travel and are in line with the original project objectives.
- 6.6. The change request indicates that the design and build of the proposed works can be completed within the available budget - £683,000 which consists of the remaining LGF allocation and S106 funding already held by Tunbridge Wells Borough Council.
- 6.7. Whilst acknowledging that development of the proposed works is at an early stage, an indicative high-level programme for completion of the works has been provided and is as set out in Table 2.

Table 2: Indicative high-level programme for proposed works

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| Workstream | Indicative date |
|------------|-----------------|
|------------|-----------------|

| | |
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| Initial design assessment | Completed |
| Procurement of design resource for detailed design | Q2 2021/22 |
| Consultation completed on proposed design | Q3 2021/22 |
| Finalisation of detailed design | Q4 2021/22 |
| Construction commences | Q1 2022/23 |
| Construction completes | Q2 2022/23 |

- 6.8. If this programme can be achieved, works on the Project will complete in September 2022.
- 6.9. As indicated above development of the revised scope of works is at an early stage, which inherently means that there is a greater level of risk and uncertainty associated with the project. The key identified risks are outlined below.
- 6.10. A number of key approvals remain outstanding including agreement from Kent County Council Highways Team on the scheme design. Any delays in securing these approvals could have a significant impact on the Project programme. If these approvals cannot be secured, the Board will be asked to agree that the remaining £623,389 LGF allocated to the Project be returned to SELEP for reallocation through the LGF project pipeline.
- 6.11. It is noted in the change request that consultation with local cycling groups regarding the scheme proposals has already commenced, however, formal public consultation cannot be undertaken until the detailed design has been established. There remains a risk that the scheme proposals will not be supported by local residents and businesses and that further design work will be required to address concerns raised during the consultation process.
- 6.12. Finally, as the detailed design is yet to be prepared, there remains a risk that construction costs may be higher than anticipated. This is potentially higher risk in the context of COVID-19 and Brexit which have been the cause of a number of increases in LGF project costs over the last year.

7. LGF spend beyond 30 September 2021

- 7.1. The Strategic Board has previously agreed the extension of the Growth Deal period by six months to 30 September 2021. Any further extensions beyond this date must be considered by both the Strategic Board and Accountability Board on a case by case basis.
- 7.2. The Board has previously agreed that for LGF to be spent beyond 30 September 2021, the project must meet five conditions. These five conditions include projects demonstrating that:
- 7.2.1. there is a clear delivery plan with specific delivery milestones and completion date has been agreed with the Board;
 - 7.2.2. there is a direct link to the delivery of jobs, homes or improved skills levels within the SELEP area;
 - 7.2.3. all funding sources having been identified to enable the delivery of the project. Written commitment will be sought from the respective project delivery partner to confirm that the funding sources are in place to deliver the project beyond the Growth Deal;

- 7.2.4. endorsement from the SELEP Strategic Board that the funding should be retained against the project beyond the Growth Deal period; and
- 7.2.5. contractual commitments are in place with construction contractors by the end of the Growth Deal period for the delivery of the project.
- 7.3. Based on the programme provided (which is likely to be the best-case scenario given the early stage of project development), the majority of the remaining LGF funding allocated to the Project will be spent after 30 September 2021.
- 7.4. The information provided in the change request suggests that the Project will be able to demonstrate compliance with the majority of these conditions in September 2021, should the Board agree that the funding can be retained against the Project at this meeting. However, it is apparent from the indicative programme provided (Table 2) that a construction contractor will not be in place by 30 September 2021. A construction contractor is unlikely to be in place until late Q4 2021/22 or early Q1 2022/23. The Project does, however, offer a short delivery programme.
- 7.5. If the Board agree that the LGF funding can be retained against the Project, endorsement from the Strategic Board will be sought at their meeting in October 2021 once the Board has considered the updated Business Case for the Project.
- 7.6. Whilst the Board are not being asked to approve the continuation of LGF spend beyond 30 September 2021 at this meeting, it should be noted that it is very unlikely that the delivery programme will be accelerated and therefore, if the Board agree the retention of funding against the Project at this meeting, the extension of LGF spend against the Project beyond 30 September 2021 will need to be considered on an exception basis at the September Board meeting.

8. Options available to the Board

- 8.1. This report sets out two options for the Board to consider. Under Option 1 the Board are asked to:
 - 8.1.1. **Agree** to retain the £1.8m LGF allocation against the Tunbridge Wells A26 Cycle and Junction Improvements Package until 10 September 2021; and
 - 8.1.2. **Agree** that an updated Business Case which demonstrates that the revised scope for the Tunbridge Wells A26 Cycle and Junction Improvements Package offers High value for money should be presented to the Board on 10 September 2021, along with evidence as to how the Project meets the conditions for spend beyond 30 September 2021.
- 8.2. The change of scope outlined in this report reflects a reduction in the geographical area spanned by the Project, however, this reduction in scale will enable the Phase 3 works to be completed to current Government standards as required.
- 8.3. The proposed works remain in line with those set out in the original Cycle Improvements Business Case. In addition, the project objectives and type of expected benefits remain

unchanged, with a focus on increasing the number of active travel journeys, reducing congestion, improving air quality, improved health, journey quality and road safety.

- 8.4. The importance of projects such as this, which have the potential to increase active travel and encourage a move away from use of traditional road vehicles, has been highlighted in recent Government policy which sets out a vision for the decarbonisation of the transport network through facilitating active travel.
- 8.5. Whilst funding is not currently available to support the delivery of Phase 2 of the Project, the project change request does identify the potential for further funding to be obtained either through future S106 contributions or through other funding sources which support cycling, walking, public health and air quality improvements.
- 8.6. There are, however, risks associated with the change request brought forward for consideration. The majority of these risks, as outlined in Section 6 of this report, relate to the fact that this particular part of the Project is still at the early stages of development and therefore there is a greater degree of uncertainty associated with project delivery. In addition, spend of the remaining LGF funding will extend beyond 30 September 2021.
- 8.7. Should the Board choose to agree to retain the LGF funding against the Project until September 2021, an updated Business Case would be required to demonstrate that the Project still offers High value for money. This Business Case would be reviewed by the Independent Technical Evaluator and would be brought to the September meeting for Board consideration.
- 8.8. Should the Board agree Option 1, a further decision regarding approval for LGF spend beyond 30 September 2021 will be required at the September Board meeting. As indicated under Section 7 of this report, the Project is unable to meet all of the conditions for spend beyond the Growth Deal period as previously agreed by the Board. Therefore, any decision to allow extended LGF spend on the Project will need to be made on an exception basis.
- 8.9. Under Option 2, the Board are asked to:
 - 8.9.1. **Agree** that the change of project scope should not be implemented and that the £623,389 unspent LGF funding allocated to the Tunbridge Wells A26 Cycle and Junction Improvements Package Project should be returned by Kent County Council for reallocation through the LGF Project pipeline within four weeks of this Board meeting; and
 - 8.9.2. **Agree** that there is compelling justification for the SELEP Accountable Body not to recover the £1.177m LGF spent on the Tunbridge Wells A26 Cycle and Junction Improvements Package Project to date, provided that the spend continues to meet the requirements of the funding agreement which is in place.
- 8.10. This option is available should the Board consider that the risks outlined in Section 6 of this report outweigh the potential benefits offered by the delivery of the revised project scope.
- 8.11. As indicated, spend of the LGF funding will extend beyond 30 September 2021 and it is noted within the report that the construction contractor will not be in place by this date and therefore the Project cannot meet all five conditions agreed by the Board in relation to

spend beyond the extended Growth Deal deadline. The Board may wish to consider whether there can be any flexibility with regard to this condition, given the short construction programme, or if the funding should be returned as this condition cannot be met.

- 8.12. If the Board choose Option 2, the unspent LGF funding of £623,389 will be reallocated to the next project on the LGF pipeline, as set out in Agenda Item 12.
- 8.13. The remaining LGF balance against the Project has already been transferred to Kent County Council and therefore should the Board choose Option 2, this funding will need to be returned to Essex County Council, as the Accountable Body, within four weeks of this Board meeting for reissue to the relevant local partner(s) based on the funding decision taken by the Board.
- 8.14. Under Option 2, the Board are also asked to consider if there is compelling justification for not reclaiming the LGF funding which has already been spent on the delivery of the Project.
- 8.15. Separate Business Cases were submitted in relation to the junction improvements and the cycle measures proposed as part of the Project. The junction improvements Business Case indicated that the scheme offered a Benefit Cost Ratio (BCR) of 7.3:1. The works detailed within the Business Case have been delivered, and this was achieved at a reduced cost compared to that set out in the Business Case. It can therefore be concluded that this element of the Project continues to offer High value for money and that the LGF spend (£0.8m) was on capital works in accordance with the requirements of the grant. There is therefore compelling justification to not reclaim this element of the LGF award.
- 8.16. The remaining LGF spend to date (£0.376611m) has supported the delivery of Phase 1 of the cycle improvements element of the Project. The cycle improvements Business Case considered by the Board in September 2017 indicated that the scheme offered a BCR of 2.94:1, which represented High value for money. It is difficult to determine from the Business Case the quantum of benefits attributed to each phase of the Project, however, it is apparent that each phase was designed to offer similar benefits in relation to reducing congestion and improving air quality, alongside health, journey quality and safety benefits.
- 8.17. In addition to the quantified benefits included within the BCR calculations, the Business Case sets out a range of additional benefits which have not been quantified but which contribute significantly to the value for money of the scheme. These benefits include: journey time improvement benefits achieved through a transfer of trips from car to cycle; housing and employment development benefits in terms of encouraging people to move to the area, making use of the cycle route to travel to employment opportunities; regeneration and social inclusion benefits gained by providing improved access to employment, education, training and other facilities served by the route; tourism benefits in terms of making the area a more attractive destination and through links to the National Cycle Network; and safety benefits gained through junction improvements and the transfer of cycle trips from on-road to off-road shared paths.
- 8.18. The value of the Business Case is less than £2m and the Project could therefore be considered under Value for Money exemption 1 as set out in the SELEP Assurance Framework. Based on the qualitative benefits set out within the Business Case there is scope for further quantified and monetised economic appraisal to be carried out which would increase the BCR offered by the reduced project which has been delivered to date. It

is noted in the Business Case itself that a fully detailed WebTAG compliant economic appraisal was not carried out as this could not be justified when taking into the account the value of the LGF allocation sought.

- 8.19. A strong Strategic Case for the Project was set out in the original Project Business Case. This has been further strengthened in light of recent Government policy which promotes decarbonisation of the transport network, an ambition supported by the SELEP Economic Recovery and Renewal Strategy.

9. Next steps

- 9.1. If the Board choose Option 1, an updated Project Business Case will be required to demonstrate that the Project continues to offer High value for money. This Business Case will be subject to a review by the Independent Technical Evaluator and will be presented to the Board in September 2021. The Board will also be asked to agree that LGF spend on the Project can extend beyond 30 September 2021.
- 9.2. If the Board choose Option 2, the remaining unspent LGF allocation of £623,389 will be reclaimed from Kent County Council within four weeks of this Board meeting. The award of the funding to the next project(s) on the LGF pipeline will be taken under Agenda Item 12. The award of this funding will be subject to the return of the funding by Kent County Council and will not be confirmed until the funding is held by the Accountable Body.

10. Financial Implications (Accountable Body comments)

- 10.1. Option 2 of the recommendations in this report, allows for the Tunbridge Wells A26 Cycle and Junction Improvements Package (the Project) programme funding of £623,389 to be reallocated to the LGF pipeline. This is in line with the requirements of the SELEP Assurance Framework and the SLA between SELEP Ltd, the SELEP Accountable Body (Essex County Council) and Kent County Council.
- 10.2. The grant conditions from central Government strictly specify that the LGF must be spent on capital expenditure in delivering the Project. If any of the £1.177m LGF spend on the Project to date becomes an abortive cost, this will no longer meet the grant conditions and must be repaid to SELEP by Kent County Council under the terms of the Service Level Agreements with the SELEP Accountable Body (Essex County Council).
- 10.3. The Funding Agreement or SLA sets 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.
- 10.4. Should the recommendation under 2.1.3, for repayment of £623,389 of LGF be approved by the Board, subsequent transfer of the LGF, by the Accountable Body, to the next approved project, will only take place following receipt of this funding from Kent County Council.

11. Legal Implications (Accountable Body comments)

- 11.1. A Service Level Agreement (SLA) is already in place between SELEP Ltd, the SELEP Accountable Body (Essex County Council) and Kent County Council. The LGF grant must be administered in accordance with the terms of the SLA.

12. Equality and Diversity Implications

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:

12.1.1. Eliminate unlawful discrimination, harassment and victimisation and other behaviour prohibited by the Act

12.1.2. Advance equality of opportunity between people who share a protected characteristic and those who do not.

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

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

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

13. List of Background Papers

13.1. Project change request

(Any request for background papers listed here should be made to the person named at the top 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) | 24/06 2021 |

| | |
|---|----------------------|
| Report title: A13 widening update report | |
| Report to: Accountability Board | |
| Report author: Colin Black, Interim Assistant Director – Regeneration and Place Delivery, and Howard Davies, SELEP Capital Programme Officer | |
| Meeting date: 2 July 2021 | For: Decision |
| Enquiries to: colin.black@thurrock.gov.uk , howard.davies@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. Through the last few meetings, the Board has been made aware of issues which have arisen through the delivery of the Project, and which have led to an increase in costs to the Project. In March 2021, Thurrock Council were not in a position to confirm the revised cost of the project due to the confidential nature of the commercial contract negotiations underway at the time of the Board meeting.
- 1.3. This report provides an update on the position of the project and confirms the revised cost estimate for the Project, reflecting the outcome of the contract negotiations and the increase to the Project cost due to COVID-19.

2. Recommendations

- 2.1. The Board is asked to:
 - 2.1.1. **Note** the update on the delivery of the Project;
 - 2.1.2. **Note** that a further update on Project delivery will be provided at the September 2021 Board meeting.

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

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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 help address existing traffic congestion 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.
- 3.5. The Board has received updates on issues and progress since November 2019. In July 2020, the total cost of the Project was reported to have increased to £114.7m. In light of Project cost increases, the Board agreed to award a further £8.942m LGF towards the project, increasing the overall LGF contribution to the Project to £80m.
- 3.6. At the point of this additional funding award to the Project, Thurrock Council (the Council) provided assurances that the Project would 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.
- 3.7. Since the last update report in July 2020, there remains underlying risks to the forecast outturn position, primarily due to the impact of the COVID-19 pandemic, as set out in section 4.9 below. A further £1.5m LGF was awarded to the project in March 2021 to help Thurrock Council in managing the cost increases to the Project.
- 3.8. This report provides an update on the progress of the Project and the revised financial position of the Project.

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:
 - 4.1.1. Utilities Diversion Works – these 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.

- 4.1.2. 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 Design Manual for Roads and Bridges (DMRB) standards which were committed to as part of the business case. This clearly had an impact on cost and programme.
- 4.1.3. 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 have remained in sharp focus for the Project team and the team has worked hard to identify mitigation measures to ensure the project remained on programme and in delivery. The main line A13 is now largely out of the ground and the structures are very close to completion so these risks are reducing although it should be noted that there are still significant service risks on the Orsett Cock Roundabout.
- 4.3. Significant progress has been made since the last report to the Board.
- 4.4. Surfacing has been laid on both sides of the carriageway to allow the traffic to be switched to the verge in both directions and allow access to the Central Reservation, where works are progressing well.
- 4.5. Horndon footbridge has been opened to the public and the old bridge demolished.
- 4.6. The focus has now switched to the Orsett Cock Interchange and work is underway to switch traffic from the existing bridges to the new bridges, after which the 2 existing bridges will be demolished.
- 4.7. More than £9.9m has been invested locally, by using regional suppliers and businesses based within 10 miles of the project – supporting the local economy at a time when this is needed more than ever.
- 4.8. There has now been more than 800,000 hours since the last Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013 (RIDDOR) and more than 1.2 million hours since the last Lost Time Incident. The Project Accident Incident Rate is currently 0 which is a significant achievement.
- 4.9. The site has opened back up gradually since the turn of the year and has put additional safeguards in place against another COVID-19 outbreak and to ensure all relevant guidance and precautions are taken to protect workers and the public.

5. Programme

- 5.1. At commencement, this scheme 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's control and have now been further exacerbated by the COVID-19 pandemic as a consequence of reduced activities necessary to protect the workforce and comply with health and safety guidance. Based on the current approved programme, the scheme is likely to be open to traffic in February 2022, an improvement on the last reported date.
- 5.2. The Council has worked with the main contractor to reach a commercial agreement that will reduce risk and improve cost and programme certainty and this agreement has now been formalised. The Council confirm that they are still able to meet the remaining costs of the project.

6. Commercial Arrangements

- 6.1. The current contractual arrangement with the main works contractor is an NEC3 Option C contract. This means that any works not within the scope of the contract are subject to a compensation event (CE).
- 6.2. This provides very little certainty over cost and under the terms of the NEC3 contract there are very limited grounds to refuse the contractor's programme.
- 6.3. Any additional delays in programme almost certainly result in an increase in costs. The lack of detailed design and issues with the structures drainage and utilities diversions has also increased costs incrementally from the original estimate set out in the business case considered in 2017.
- 6.4. Options were previously considered to change the commercial arrangements, however, the main works contractor considered at that time that there still remained too much risk in the scheme to enable negotiations to proceed.
- 6.5. Discussions re-commenced earlier this year and the Council has entered into an agreement with Kier that will reduce risk, wrap up many CE's and provide more certainty on cost and programme.

7. Update on Project Costs

- 7.1. The revised expenditure profile remains subject to change as commercial discussions continue through to the end of the Project.
- 7.2. Table 1 shows the spend profile to the end of the 2020/21 financial year.

Table 1 – Spend profile to end of 2020/21 (£m)

| | 2016/17 | 2017/18 | 2018/19 | 2019/20 | 2020/21 | Total |
|---|---------------------|---------------|---------------|---------------|---------------|---------------|
| LGF Development Funding | 2.709 | | 2.291 | | | 5.000 |
| LGF DfT Retained Scheme Funding | | 13.408 | 11.483 | 32.657 | 8.510 | 66.058 |
| Additional LGF - awarded July 2020 | | | | | 8.942 | 8.942 |
| Additional LGF - to be considered for funding award (March 2021) | | | | | 1.500 | 1.500 |
| Third Party | | | 0.024 | 0.345 | 7.855 | 8.224 |
| Thurrock Council | | | | | 9.248 | 9.248 |
| Adjustment | | | -0.172 | 0.172 | | 0.000 |
| Total Project Cost | 2.709 | 13.408 | 13.626 | 33.174 | 36.055 | 98.972 |
| | Actual Spend | | | | | |

- 7.3. As part of the project's application seeking additional LGF at the March Board meeting a review of the Value for Money (VfM) was undertaken. This suggested that due to increased project costs the VfM had reduced to a Benefit Cost Ratio (BCR) of 1.7:1 in the core scenario. This falls within the 'medium' value for money category. An additional scenario which considers the benefits of the scheme with the impacts of Lower Thames Crossing included has also been presented. In this scenario the scheme has a BCR of 2.5:1 which falls within the "high" value for money category. This is set out under Appendix A in agenda item 12.

8. Risk and Mitigation

- 8.1. The COVID-19 Pandemic has added to the risk profile of the Project however, appropriate mitigations remain in place and are being managed. The re-negotiation of the commercial arrangements is an opportunity to further mitigate increases in costs and programme delays.
- 8.2. As set out in 6.5 Thurrock Council has entered into an agreement with Kier that will reduce risk, wrap up many CE's and provide more certainty on cost and programme.

9. Next Steps

- 9.1. It is recommended to the Board that a further update is provided to the September meeting in order to keep the Board informed of progress.

10. Financial Implications (Accountable Body comments)

- 10.1. The full LGF funding allocation has been received by the Accountable Body from HM Government.
- 10.2. £80m of LGF already awarded to this Project has been transferred to Thurrock Council to support delivery. Additionally, in December 2020, SELEP Ltd agreed a new pipeline of LGF projects. Based on the £6.7m unallocated at the time of the meeting, 10 projects were prioritised to receive additional LGF, due to cost increases or reduced local funding contributions, due to the impact of Covid-19. The A13 Project was included on this agreed pipeline, seeking an additional £1.5m LGF, which has been transferred by the Accountable Body to Thurrock Council.

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- 10.3. The Council continue to re-confirm that all remaining costs of the Project will be met by the Council and have advised that the risks to the Project are being actively managed down.
- 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 Thurrock Council under the terms of a Funding Agreement or SLA which includes 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. With the remaining balance of LGF for each project now transferred in advance to the Local Authority's (with the exception of £5.146m held for Essex County Council and Kent County Council projects), there is a requirement for the Board to continue to effectively monitor the progress of the LGF projects in order to provide assurance of delivery.

11. Legal Implications (Accountable Body comments)

- 11.1. There are no significant legal implications arising from this report

12. Equality and Diversity implication

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

13. List of Appendices

- 13.1. Confidential Appendix A

14. List of Background Papers

- 14.1. None

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| Role | Date |
|--|--------------------|
| Accountable Body sign off Stephanie Mitchener (on behalf of Nicole Wood, S151 Officer, Essex County Council) | 24/06/2021 |

| | |
|---|----------------------|
| Report title: Lessons Learnt Report | |
| Report to: Accountability Board | |
| Report author: Howard Davies, SELEP Capital Programme Officer | |
| Meeting date: 2 July 2021 | For: Decision |
| Enquiries to: howard.davies@southeastlep.com | |
| SELEP Partner Authority affected: All | |

1. Purpose of report

- 1.1. The purpose of this report is to summarise the draft Local Growth Fund Lessons Learnt Report (the Report) to enable the Accountability Board (the Board) to discuss the recommendations set out in the Report and to provide their feedback on the Local Growth Fund (LGF) Programme.
- 1.2. The Report has been written by the SELEP Secretariat using information provided through the programme reporting process and following discussions with partners. The Report will be updated with the feedback provided by Accountability Board.
- 1.3. The Report will be presented to Strategic Board in October to canvass their opinions of their experience of the LGF Programme and the contents of the Report. Following this meeting an action plan will be developed for the delivery of changes highlighted in the recommendations. The action plan will be a live document that can be updated following further learning that is gained as the post-completion monitoring and evaluation of projects continues.
- 1.4. Additional recommendations/learning will be reported to Accountability Board on a regular basis, along with updates on progress against the plan. Updates will also be provided to Strategic Board as necessary through the year.

2. Recommendations

- 2.1. The Board is asked to:
- 2.2. **Discuss** the contents of The Report and the recommendations therein, providing feedback to the Secretariat on their experiences of the Programme and what improvements can be taken forward; and
- 2.3. **Note** the next steps to discuss with Strategic Board and develop an action plan for the implementation of changes.

3. Background

Lessons Learnt Report

- 3.1. The Local Growth Deal policy was developed by HM Government in response to the publication of the “No Stone Unturned: In Pursuit of Growth” document developed by Lord Heseltine. The policy included the establishment of a single Local Growth Fund (LGF) and the LGF programme ran from April 2015 to March 2021.
- 3.2. The formal end of the Local Growth Deal period means it is timely to consider the SELEP LGF Programme, reflect on the lessons that have been learnt over the period and how they can be implemented to improve future delivery.
- 3.3. The LGF Programme has been large and complex, totalling 110 projects and an investment of £578.9m of LGF. This was the second largest award of LGF, with only the Leeds City region receiving a higher allocation. The delivery of the programme has included many different organisations across the geography and the views of partners have been sought in the course of constructing the Report.
- 3.4. The Report provides background on the establishment of the LGF by HM Government and the allocations made to SELEP over the Programme. There is an assessment of how the SELEP LGF has been invested both by geography and by intervention type.
- 3.5. The Report then considers the governance of the programme, delivery of project outputs and delivery of project outcomes and makes recommendations for improvements. Some of these recommendations concern the ongoing delivery of the LGF Programme as not all projects are yet complete, nor all outputs delivered. Other recommendations are related to potential future capital investment programmes.

4. Report Recommendations

- 4.1. The Report sets out ten recommendations across the themes highlighted above and these recommendations can be seen below in Table 1.

Table 1 – Draft Recommendations

| Ref | Recommendation |
|-----|--|
| 1 | There is an opportunity to present more detailed information to the Strategic Board to support their oversight of the capital programmes and to support the Strategic Board in fulfilling its role in ensuring the delivery of the Growth Deal. |
| 2 | Where a project is significantly delayed, with an agreed definition of significant, Strategic Board will be asked to consider whether they still prioritise the project ahead of others in the pipeline. |
| 3 | Any future funding calls should seek investment proposals which directly support the strategic priorities outlined within the Recovery and Renewal Strategy. This could include processes to seek specific types of investment projects to address the challenges identified for the SELEP area within the strategy. |
| 4 | In developing the eligibility and prioritisation criteria for future funding rounds, SELEP may want to consider adding in minimum requirements for supporting net zero carbon and maximising social value. |
| 5 | Refocus the scope of the ITE assessment and use the lessons learnt from the delivery of LGF projects to provide greater challenge of the information contained within the business case as project programme and cost breakdowns. |

| Ref | Recommendation |
|-----|--|
| 6 | Firm confirmation of the grant is required from MHCLG at the outset of the programme to reduce the financial risk to local authorities, businesses and other organisations due to receive grant funding through SELEP. Additional lobbying on this issue to HMG at the outset of funding programmes is of paramount importance and SELEP should use the influence of partners and stakeholders to assist in securing multi-year settlements. |
| 7 | For future funding programmes, the monitoring and evaluation (M&E) requirements should be clearly defined at the outset of the programme, with a M&E plan and baseline plan in place before the project commences. Sufficient revenue budget also needs to be identified to support the ongoing monitoring and evaluation costs associated with projects, particularly following the completion of the project. |
| 8 | For future funding rounds, a small percentage of the projects funding allocation could be held back until full project completion and the post scheme evaluation report has been submitted. This would provide the incentive to complete a thorough evaluation report to the required timescales and ensure that the original scope of the project has been achieved. However, this could be difficult to implement for projects with multiple funding streams. |
| 9 | Seek greater assurances from Central Government over future capital funding streams to enable longer term planning of local infrastructure investment. |
| 10 | <p>The resource requirement for promoting authorities delivering capital projects needs to be fully understood and costed. Appropriate contingency and inflation costs need to be considered within project cost estimates to account for construction cost increases and appropriate project management costs.</p> <p>Scheme promoters need to ensure that adequate resource and expertise is available across the organisation or available from third party organisations to support the delivery of the project.</p> <p>Further lobbying of HMG on the impact of delays by other governmental organisations should continue. This could include the calculation of financial impact of delays.</p> |

- 4.2. The Board is asked to consider the recommendations and whether there are any changes or additional recommendations that should be included in the action plan.
- 4.3. Some of the recommendations are associated with actions that would be taken forward as part of a new capital investment programme. Whilst the current position is that future capital investment won't be made via LEPs, it is not necessarily the case that the position won't change. Additionally this learning can be used by partner organisations who will be the custodians of the economic growth investment funds in the near future.

5. Board Discussion

- 5.1. In addition to discussion of The Report and its recommendations, Board are asked to consider their own experiences of the LCF Programme. Some questions that Board may wish to consider can be found below:

Lessons Learnt Report

- 5.1.1. What have been the most positive elements of the Programme for you and your organisation?
- 5.1.2. What could have been done better?
- 5.1.3. Have you had the information that you need to make decisions associated with the Programme?
- 5.1.4. What other support would have been helpful in your role on Accountability Board?
- 5.1.5. What should Accountability Board focus on to improve deliverability in future?
- 5.1.6. What other changes would you make to the functions of Accountability Board to assist in improvements with delivery for future programmes?
- 5.1.7. What changes can be implemented now to improve the ongoing monitoring of the current programmes?

6. Next Steps

- 6.1. Following discussion with the Board the contents of the Report will be updated, including the update of recommendations where appropriate and necessary.
- 6.2. The Report will then be presented to Strategic Board in October 2021 so their inputs and experiences can be captured. Following this meeting, an action plan will be developed, and this will be presented to Accountability Board in November 2021.
- 6.3. Progress against the action plan and other learning that is gained from the post-completion evaluation of projects will be reported back to Accountability Board on a regular basis.

7. Financial Implications (Accountable Body comments)

- 7.1. With the remaining balance of LGF for each project now transferred in advance to the Local Authorities (with the exception of £5.146m held for Essex County Council and Kent County Council projects), there is a requirement for the Board to continue to effectively monitor the progress of the LGF projects in order to provide assurance of delivery.

8. Legal Implications (Accountable Body comments)

- 8.1. There are no significant legal implications arising from this report

9. Equality and Diversity Implications

- 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:
 - 9.1.1. Eliminate unlawful discrimination, harassment and victimisation and other behaviour prohibited by the Act
 - 9.1.2. Advance equality of opportunity between people who share a protected characteristic and those who do not

Lessons Learnt Report

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

10. List of Appendices

- 10.1. Appendix A - Local Growth Fund – Lessons Learnt Report

(Any request for background papers listed here should be made to the person named at the top 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) | 24/06/2021 |



SOUTH EAST
LOCAL ENTERPRISE
PARTNERSHIP

DRAFT

Local Growth Fund Lessons Learnt Report

June 2021

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Purpose of Report

The purpose of this report is to provide a reflection on the lessons learnt through the delivery of the 'Growth Deal' Local Growth Fund (LGF) programme between April 2015 and March 2021. The report reflects on the governance of the programme, delivery of projects and the impact of the LGF funding in supporting the growth of the South East economy since the inception of the programme.

The report sets out lessons that can be applied to the delivery of LGF projects which are still in train, ongoing SELEP capital programmes, such as the Getting Building Fund and Growing Places Fund programmes, and future capital investments across the area.

As part of the funding requirements from the Ministry of Housing Communities and Local Government (MHCLG), SELEP is required to evaluate the impact of the LGF programme, in line with the requirements of the national monitoring and evaluation framework.

The content of this report has been produced using information from the LGF update returns provided by local partners each quarter, the project monitoring and evaluation returns completed to date and through discussions with local partners.

The report presents an initial view on the impact of the programme. This will need to be supported by further work, as individual projects are completed, and evaluation reports are completed for the individual projects included within the programme. An action plan will be developed when recommendations have been agreed. This action plan will be a live document that can be added to as additional insights are gained through the ongoing monitoring and evaluation of projects post completion.

The report will be made publicly available. The initial findings of the report will be presented to both the SELEP Strategic Board and Accountability Board, for comment and incorporation of Board member views.

Summary of Recommendations

This report contains a number of recommendations which could be applied to the delivery of LGF projects which are still in train, ongoing SELEP capital programmes, such as the Getting Building Fund and Growing Places Fund programmes, and future capital investments across the area. These recommendations are summarised below:

| Theme | Ref | Recommendation |
|------------------------------------|-----|--|
| <i>Governance</i> | 1 | There is an opportunity to present more detailed information to the Strategic Board to support their oversight of the capital programmes and to support the Strategic Board in fulfilling its role in ensuring the delivery of the Growth Deal. |
| | 2 | Where a project is significantly delayed, with an agreed definition of significant, Strategic Board will be asked to consider whether they still prioritise the project ahead of others in the pipeline. |
| | 3 | Any future funding calls should seek investment proposals which directly support the strategic priorities outlined within the Recovery and Renewal Strategy. This could include processes to seek specific types of investment projects to address the challenges identified for the SELEP area within the strategy. |
| | 4 | In developing the eligibility and prioritisation criteria for future funding rounds, SELEP may want to consider adding in minimum requirements for supporting net zero carbon and maximising social value. |
| | 5 | Refocus the scope of the ITE assessment and use the lessons learnt from the delivery of LGF projects to provide greater challenge of the information contained within the business case, such as project programme and cost breakdowns. |
| | 6 | Firm confirmation of the grant is required from MHCLG at the outset of the programme to reduce the financial risk to local authorities, businesses and other organisations due to receive grant funding through SELEP. Additional lobbying on this issue to HMG at the outset of funding programmes is of paramount importance and SELEP should use the influence of partners and stakeholders to assist in securing multi-year settlements. |
| | 7 | For future funding programmes, the monitoring and evaluation requirements should be clearly defined at the outset of the programme, with a M&E plan and baseline plan in place before the project commences. Sufficient revenue budget also needs to be identified to support the ongoing monitoring and evaluation costs associated with projects, particularly following the completion of the project. |
| | 8 | For future funding rounds, a small percentage of the projects funding allocation could be held back until full project completion and the post scheme evaluation report has been submitted. This would provide the incentive to complete a thorough evaluation report to the required timescales and ensure that the original scope of the project has been achieved. However, this could be difficult to implement for projects with multiple funding streams |
| <i>Delivery of project outputs</i> | 9 | Seek greater assurances from Central Government over future capital funding streams to enable longer term planning of local infrastructure investment. |
| | 10 | The resource requirement for promoting authorities delivering capital projects needs to be fully understood and costed. Appropriate contingency and inflation costs need to be considered within project cost estimates to account for construction cost increases and appropriate project management costs. |

Scheme promoters need to ensure that adequate resource and expertise is available across the organisation or available from third party organisations to support the delivery of the project.

Further lobbying of HMG on the impact of delays by other governmental organisations should continue. This could include the calculation of financial impact of delays

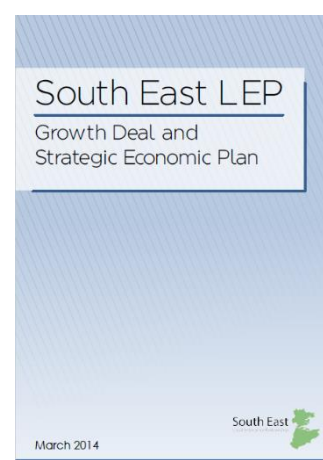
Introduction to Programme

Background

The LGF programme was established in response to Lord Heseltine's 'No Stone Unturned: In Pursuit of Growth'. The report recommended that Central Government should identify the budgets administered by different departments which support growth. These should be brought together into a single funding pot for local areas, without ring fencing of the funding by Central Government departments. A Single Local Growth Fund (LGF) was established with a value of £2billion per year from 2015/16 to 2020/21, and which drew from existing skills, housing and transport budgets.

Local Enterprise Partnerships were tasked with developing Strategic Economic Plans (SEPs) which were used as the basis to negotiate "Growth Deals" between Central Government and each LEP. The Growth Deals set out the allocation of LGF to LEP and the expectations on LEPs in return for this investment.

SELEP's Strategic Economic Plan (SEP), submitted in 2014, set out the ambition for the SELEP area and included a list of projects seeking capital investment to support the growth of the South East economy. Within the SEP, SELEP sought a total of £1.2bn LGF from Government, equating to £200m a year. The SEP set out the ambition to create 200,000 sustainable private sector jobs by 2021, an increase of 11.4% from 2011, and to complete 100,000 new homes by 2021. This would mean a 50% increase in the annual rate of housing completions relative to the position prior to 2014.

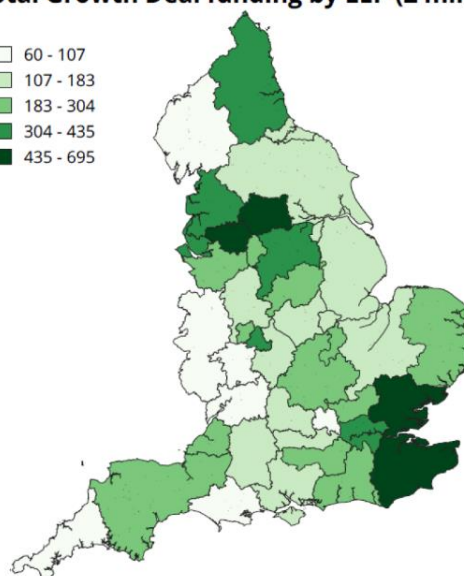
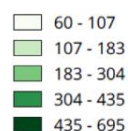


SELEP was awarded a total of £578.9m LGF through three Growth Deals with Government, to be invested in a programme of activities across East Sussex, Essex, Kent, Medway, Southend and Thurrock between April 2015 and March 2021. The LGF allocation to SELEP was the second largest of all LEPs in the Country, with only Leeds City Region receiving a higher allocation.

The programme involves a range of interventions including:

- transport infrastructure;
- town centre regeneration;
- capital skills;
- flood defence;
- commercial space; and
- business investment.

Total Growth Deal funding by LEP (£ millions)



SELEP Funding allocation

The original Growth Deal, announced in 2014, identified 37 projects to be supported through LGF investment. In exchange for the commitment of £442.1m funding by Central Government, it was expected that this investment would create at least 35,000 jobs and allow 18,000 homes to be built. The initial £442.1m funding mentioned in the first Growth Deal with Central Government did, however, include the transfer of funding for other existing programmes outside of the remit of the LGF programme and therefore not included in the overall £578.9m LGF programme value.

In 2016, a £46.1m Growth Deal expansion was announced. This increased the number of LGF projects by 13 to 50 and increased the expected outputs to an estimated 45,000 new jobs and 23,000 new homes.

In a third and final tranche of LGF allocated by Central Government, SELEP secured a further £102.7m LGF for a further 19 projects. In total, through the three Growth Deals, SELEP secured a total of £578.9m LGF. This funding was transferred to SELEP as per the breakdown shown in Table 1.

Table 1 – Funding received from Central Government (£m)

| | 2015/16 | 2016/17 | 2017/18 | 2018/19 | 2019/20 | 2020/21 | Expected in future years* | Total |
|-------|---------|---------|---------|---------|---------|---------|---------------------------|-------|
| MHCLG | 69.5 | 82.3 | 92.1 | 91.7 | 54.9 | 77.9 | | 468.3 |
| DfT | 1.5 | 7.5 | 29.7 | 3.5 | 47.8 | 7.1 | 13.5 | 110.6 |
| Total | 71.0 | 89.8 | 121.8 | 95.2 | 102.7 | 85.0 | 13.5 | 578.9 |

*This funding is ringfenced for the A127 Fairglen junction improvements, subject to approval by Secretary of State for Transport.

The LGF comes from two different departments within Central Government: MHCLG and DfT. A total of £468.3m LGF has been transferred by MHCLG to the SELEP Accountable Body. This funding has been received on an annual basis, as per the breakdown in Table 1. There are also six Department for Transport (DfT) retained projects, located along the A127 & A13 corridor. Due to the combined value of the interventions along the A127 and A13 corridor of £110.6m LGF, the DfT has retained a greater degree of oversight for these projects. The business cases for the A13 widening and A127 Fairglen Interchange were subject to DfT review and funding approval by the Secretary of State for Transport.

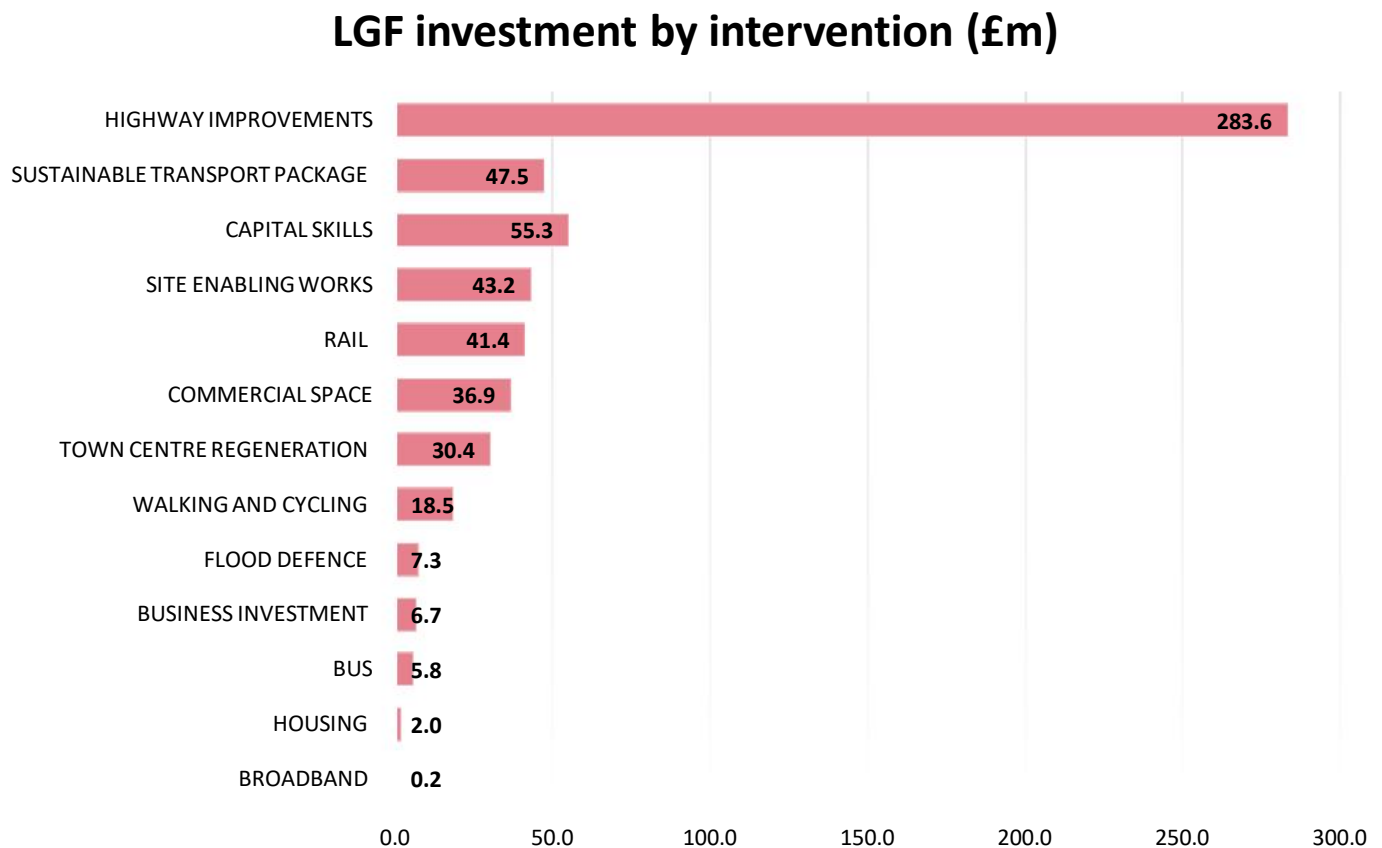
During the programme a number of project changes have been agreed. Where projects identified within the 'Growth Deal' have been unable to proceed this funding has been reinvested in alternative investments. On the 31 March 2021, there were 110 projects included within the LGF programme, which fully allocates the £578.9m LGF.

How LGF has been invested

The majority of LGF has been invested in transport projects: specifically, projects categorised as highway improvements, which make up 50% of SELEP's overall LGF investment programme. It is somewhat unsurprising that investment in transport forms a large proportion of the overall programme as approximately £5 billion of the national £12 billion LGF pot was created with funds previously awarded by the Department for Transport. At the outset of the LGF programme, LGF became the main source of funding for new local transport projects.

Only a very small proportion of the LGF has been spent on digital connectivity, at £0.2m (0.003% of the overall programme value). This is likely to be due to digital connectivity being of lower priority at the time of projects being identified for LGF investment, between 2014/15 and 2019/20. Investment in digital connectivity is now recognised as a priority for the SELEP area within the SELEP Economic Recovery and Renewal Strategy and has become more of a focus of the SELEP Getting Building Fund programme.

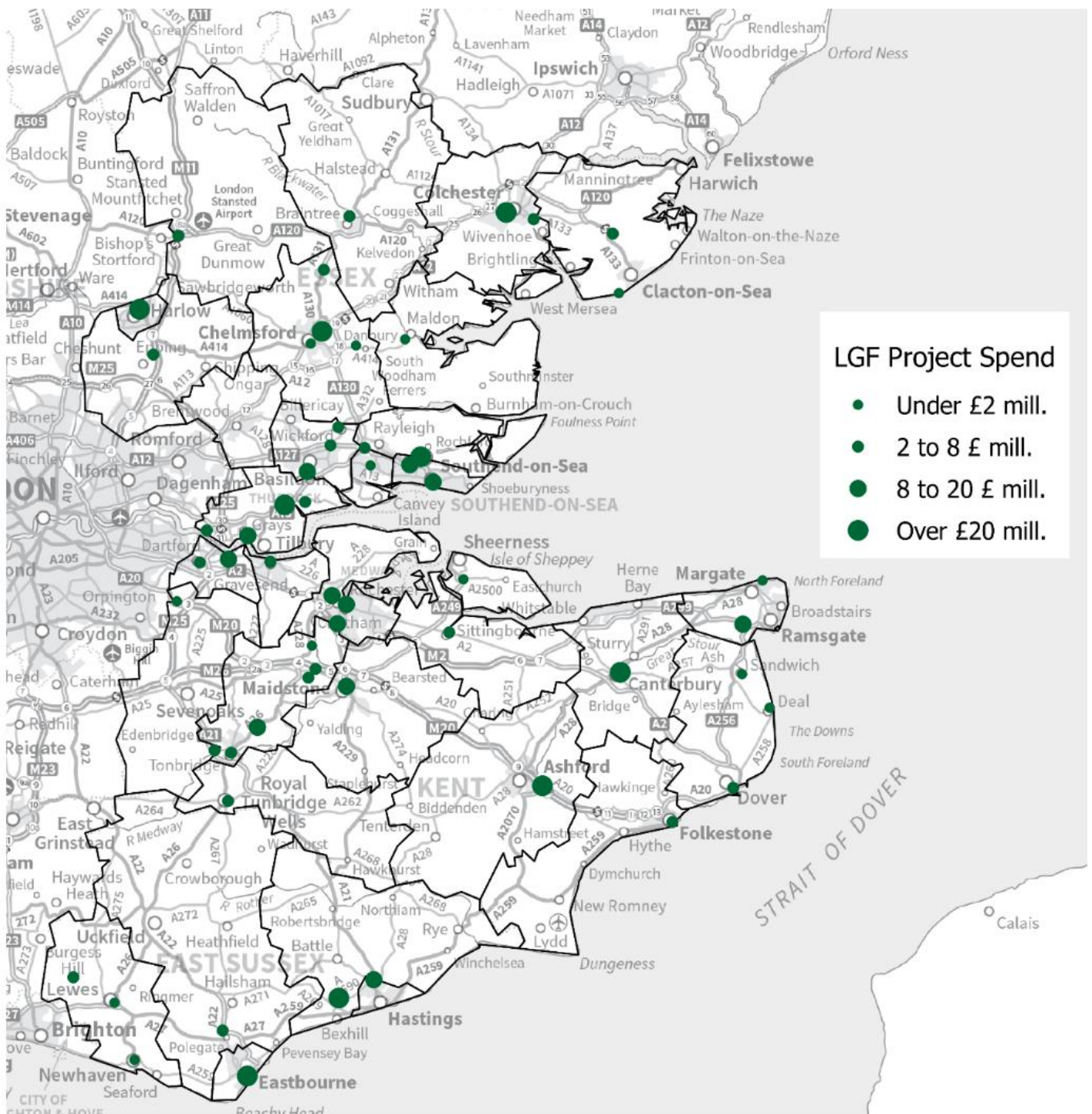
Figure 1: LGF investment by intervention type



Where LGF has been invested

The map below shows the location of LGF projects and investment. Where the projects are in very close proximity, the value of the LGF has been combined within one circle on the map.

Figure 2: LGF investment



The tables below show the level of LGF investment per head and by business located within each of the four federated areas. On average, £135.8 has been invested per head population across the SELEP area. The amount of LGF spend is highest in the Opportunity South Essex areas at £271.1 per head and lowest in the Success Essex area at £94.4.

The high LGF investment per head in the Opportunity South Essex area is mainly due to the investment in DfT retained schemes, such as the A13 widening project and A127 Fairglens Interchange, which deliver benefits across a much wider geography.

When DfT retained projects are excluded from the analysis, as per Table 3, the investment in Opportunity South Essex reduces to £116.0 LGF allocation per head.

Table 2: LGF investment by geography, including retained schemes

| Federated Area | LGF allocation (£) | No of businesses¹ | LGF allocation per business (£) | Population² | LGF per head (£) |
|-----------------------|---------------------------|-------------------------------------|--|-------------------------------|-------------------------|
| KMEP | 194,461,364 | 72,895 | 2667.7 | 1,860,100 | 104.5 |
| OSE | 195,876,255 | 28,770 | 6808.4 | 722,400 | 271.1 |
| SE | 106,155,180 | 51,615 | 2056.7 | 1,124,200 | 94.4 |
| TES | 82,442,570 | 23,130 | 3564.3 | 557,200 | 148.0 |
| Total | 578,935,369 | 176,410 | 3281.8 | 4,263,900 | 135.8 |

Table 3: LGF investment by geography, excluding DfT retained schemes

| Federated Area | LGF allocation (£) | No of businesses | LGF allocation per business (£) | Population | LGF per head (£) |
|-----------------------|---------------------------|-------------------------|--|-------------------|-------------------------|
| KMEP | 194,461,364 | 72,895 | 2667.7 | 1,860,100 | 104.5 |
| OSE | 83,776,255 | 28,770 | 2911.9 | 722,400 | 116.0 |
| SE | 106,155,180 | 51,615 | 2056.7 | 1,124,200 | 94.4 |
| TES | 82,442,570 | 23,130 | 3564.3 | 557,200 | 148.0 |
| Total | 466,835,369 | 176,410 | 2646.3 | 4,263,900 | 109.5 |

¹ Source of enterprise data – ONS, UK Business Counts 2020

² Source of population data – ONS, Mid-Year population estimates 2019

Governance of LGF programme

Introduction

As a business led partnership organisation, the delivery of the LGF programme has involved several organisations. The core organisations directly involved with the delivery of the SELEP LGF programme include:

- SELEP Secretariat;
- SELEP Accountable Body, Essex County Council;
- Cities and Local Growth Unit, as a joint partnership between the Ministry for Housing Communities and Local Government and Department for Business, Energy, Industrial Strategy; and
- Six County/ Unitary Authorities, including East Sussex County Council, Essex County Council, Kent County Council, Medway Council, Southend on Sea Borough Council and Thurrock Council.

SELEP has two main boards: the Strategic Board and the Accountability Board. The Strategic Board sets the strategic direction, leadership and is responsible for the prioritisation of projects. The Accountability Board provides the accountability structure for decision-making and approval of funding within the overarching vision of the Strategic Board. The Strategic Board and Accountability Board receive updates on the delivery of the programme, but with more detailed information being presented to the Accountability Board to support their decision making.

Recommendation 1: There is an opportunity to present more detailed information to the Strategic Board to support their oversight of the capital programmes and to support the Strategic Board in fulfilling its role in ensuring the delivery of the Growth Deal.

Currently Strategic Board plays a limited role once projects are prioritised despite their responsibility for the Growth Deal. Strategic Board could provide additional challenge to ensure delivery of both outcomes and value for money. For example, where projects are significantly delayed Strategic Board should be given the opportunity to reconsider whether they continue to prioritise delayed projects ahead of other projects in the pipeline.

Recommendation 2: Where a project is significantly delayed, with an agreed definition of significant, Strategic Board will be asked to consider whether they still prioritise the project ahead of others in the pipeline

SELEP operates with a Federated Model, which means that the SELEP Strategic Board is supported by four Federated Boards, namely Team East Sussex (TES), Kent and Medway Economic Partnership (KMEP), Sussex Essex and Opportunity South Essex (OSE). These Federated Boards also have a responsibility for overseeing the investments within their local areas.

Respecting the Federated Model, SELEP's governance structures are designed to support the quick flow of funding from SELEP to the six Unitary Authorities/County Councils for the delivery of LGF projects by the authority or for the transfer of funding to third party organisations.

Service Level Agreements are put in place between South East LEP Ltd, SELEP Accountable Body (Essex County Council) and the partner authorities (Page 10 of 27) Unitary Authorities), under which the LGF is

transferred. Partner Authorities are then required to put in place back to back agreements with any third-party project delivery organisations.

The only exceptions to this funding model were for the M20 Junction 10a project and for the Capital Skills fund. The SELEP Accountable Body entered into an agreement directly with Highways England for the transfer of £19.7m for the M20 Junction 10a junction in Ashford, Kent. The Capital Skills funding was transferred to Colleges directly under separate grant agreements.

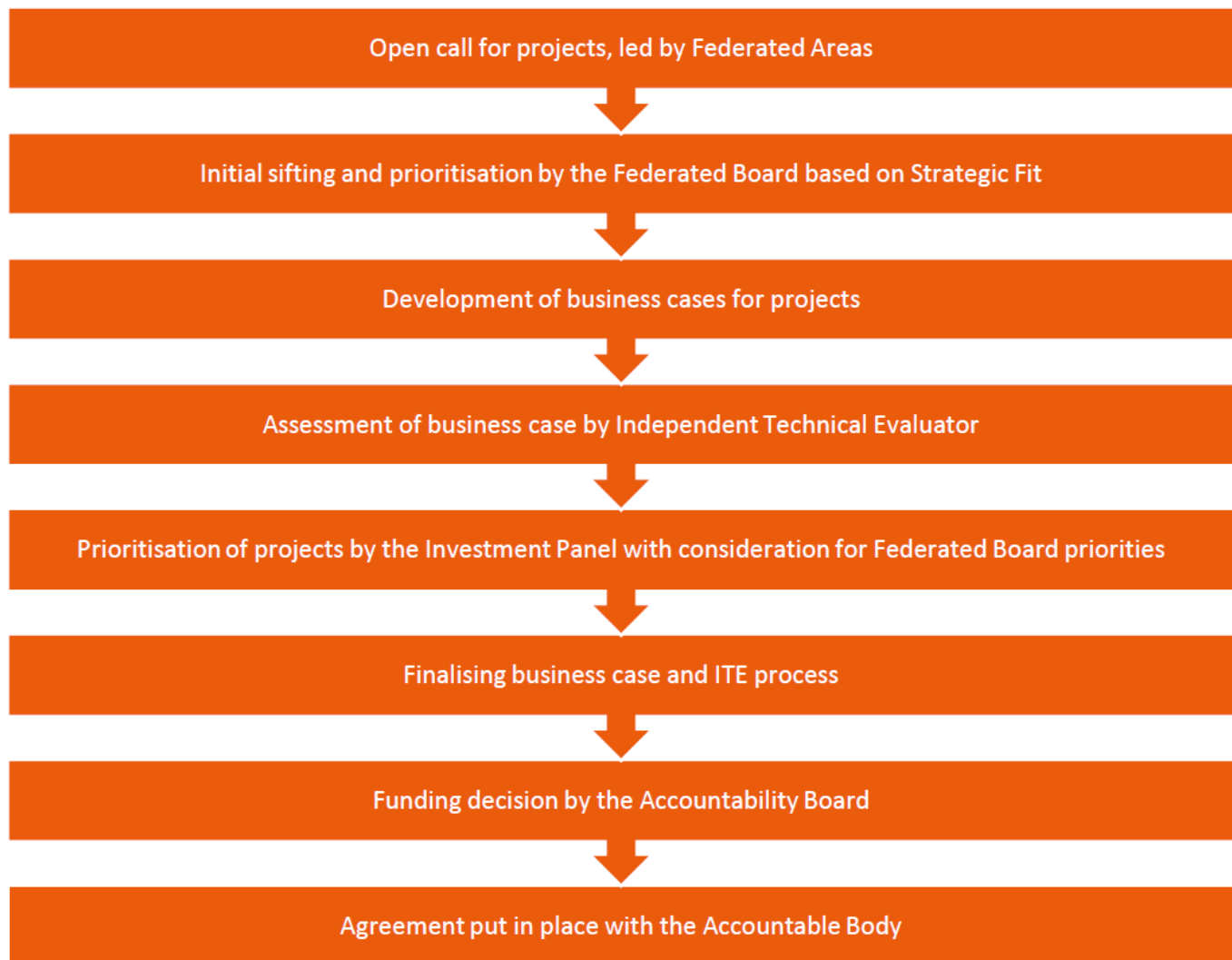
Prioritisation of projects

The approach to the prioritisation of projects is agreed by the Strategic Board and must meet the requirements of the Assurance Framework. The process follows the steps set out in Figure 3. The exact criteria for the prioritisation of projects depends on the requirements of the funding stream, but the specifics of the process are agreed at the outset before the open call for projects is launched.

Through various rounds of project prioritisation, lessons have been learnt about the need to ensure that Federated Areas are fully involved in the process, so the projects identified for investment reflect the local priorities. This has been achieved most effectively by seeking the Federated Board's view on the strategic case of the project. On occasion, limits have also been set on the number of applications that can be put forward by Federated Areas, to ensure the funding call is not substantially oversubscribed and to help reduce the potential abortive work invested in the funding call process.

There are requirements from Central Government for the prioritisation of projects to be informed by an independent assessment of projects. This role is undertaken by SELEP's appointed Independent Technical Evaluator. This technical appraisal has helped to provide an assessment on the deliverability of projects, as well as the strength of the projects economic case. The technical appraisal helps to inform the decision making by the Strategic Board in prioritising investments but the final decision-making authority rests with the Strategic Board.

Figure 3: Process for the prioritisation of projects



Source: SELEP Assurance Framework

Various approaches have been applied to prioritise projects for investment. Prior to the development of the SELEP Economic Strategy Statement and the recent Recovery and Renewal Strategy being adopted, the absence of a focused economic strategy for the SELEP area created challenges in comparing investment proposals. This presented a particular challenge in comparing projects which have very different objectives and expected benefits. For example, it has proved difficult to weigh up the advantages of investing in capital skills projects to improve learner outcomes, versus investment in transport projects to reduce congestion and improve sustainable transport provision.

The absence of clearly defined strategic objectives and key performance indicators at the start of the LGF programme has also meant that no LGF programme level objectives and KPIs were identified at the start of the programme. This creates a potential disparity between the economic challenges and opportunities in the SELEP area and how the grant funding has been invested. It also creates a challenge in evaluating the impact of the programme, as it is unclear what the overall LGF investment programme was expected to achieve.

The Recovery and Renewal Strategy has now been adopted by SELEP and the priorities agreed within the strategy will be used to inform future decision making by the Strategic Board. There may also be an opportunity to more closely define the types of investment which will help deliver the strategy, rather than launching open calls for all project types.

Recommendation 3: Any future funding calls should seek investment proposals which directly support the strategic priorities outlined within the Recovery and Renewal Strategy. This could include processes to seek specific types of investment projects to address the challenges identified for the SELEP area within the strategy.

The timescales for the prioritisation of projects is often driven by short deadlines set by Central Government. This reduces the time to carefully consider the scope of the projects, management approach and opportunities to maximise the benefits of investment.

For any future funding opportunities, SELEP may want to include some additional minimum requirements for all applicants such as targets for carbon savings and maximising the social value impact of the investment. These requirements need to be made clear prior to the bidding stage and cannot be introduced retrospectively.

Recommendation 4: In developing the eligibility and prioritisation criteria for future funding rounds, SELEP may want to consider adding in minimum requirements for supporting net zero carbon and maximising social value.

ITE process

Following the prioritisation of projects, scheme promoters are required to develop detailed business cases for the projects. The business cases are assessed by the SELEP ITE through a gate process. This gate process is set out in Figure 4 below and involves several stages to provide the applicants with information about the requirements of the process and feedback on the business case before the findings of the ITE assessment are presented to the Accountability Board.

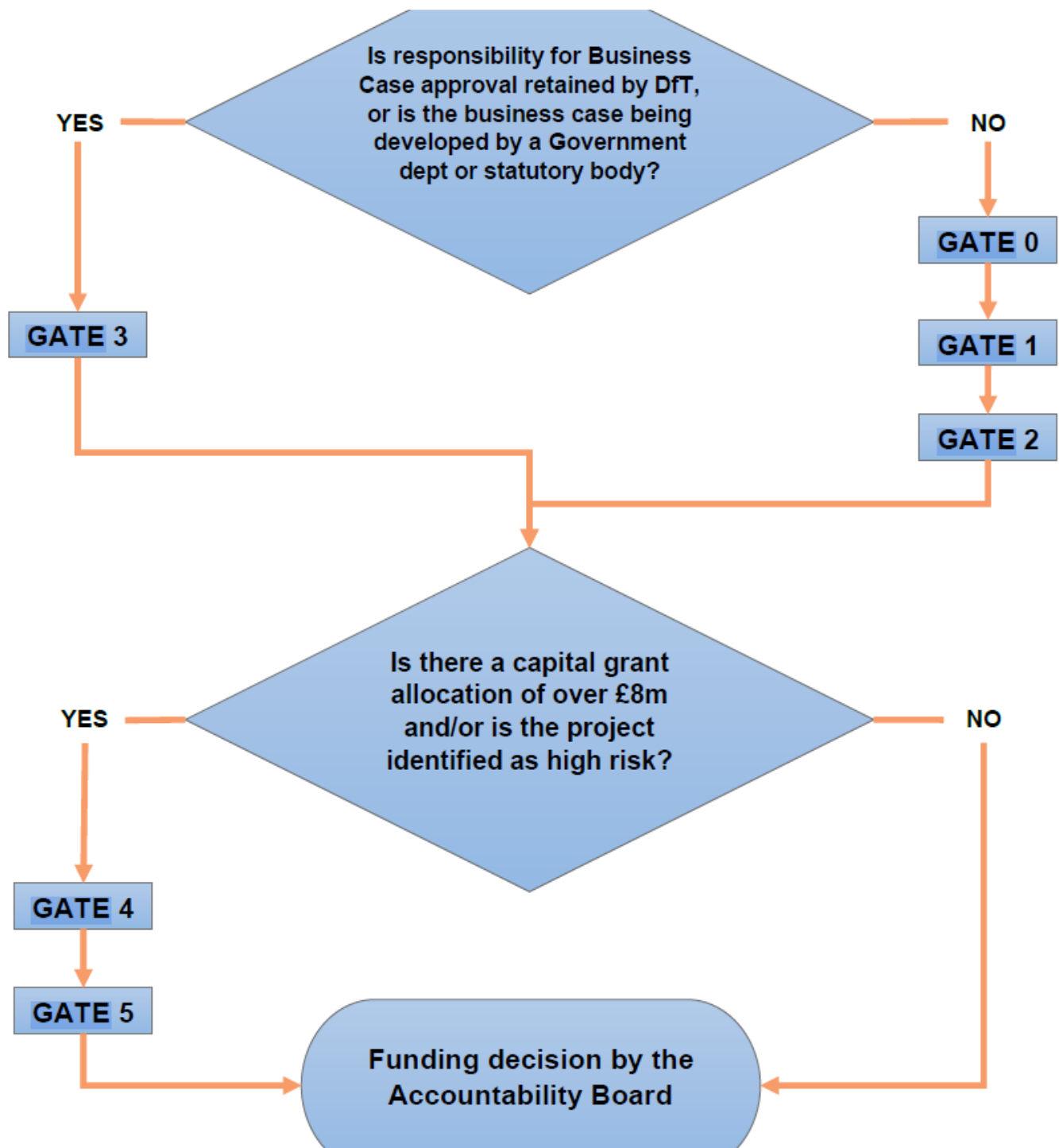
In the early stages of the ITE process and funding awards, the ITE assessment was heavily focused on the economic appraisal of the project, to ensure the project delivered value for money. The ITE process now fully considers information across all five cases of the business case, including Strategic, Economic, Financial, Commercial and Management Case. The requirements of the process ensure there is full documentation in place before the project proceeds. This includes documents such as a risk register, cost breakdown, delivery programme, funding package, Equality Impact Assessment, and Monitoring and Evaluation Plans. Learning some of the lessons from LGF project delivery it may be possible to provide greater check and challenge on these documents to ensure project business cases include an appropriate budget and realistic delivery programme.

Recommendation 5: Refocus the scope of the ITE assessment and use the lessons learnt from the delivery of LGF projects to provide greater challenge of the information contained within the business case, such as project programme and cost breakdowns.

In 2017, the ITE gate review process was amended so that projects with a value of over £8m LGF were required to follow additional steps in the business case review process. For projects such as Thanet Parkway, some initial funding was available to draw down following the completion of the Gate 2 review of the business case. Further project development work was then required to prepare a full business case for the project once the tender exercise had been completed and there was greater certainty over the project. A further review of the business case was then completed, referred to as Gates 4 and 5, before the remaining funding was awarded to the project. The introduction of the additional steps helped to provide greater assurance over the deliverability of the project at the point of the more substantial funding awards being made to these projects.

For future funding streams it may be appropriate for a more regimented gate process to be introduced for a higher proportion of projects, especially more complex projects and those including a package of different interventions. The additional gate reviews would help ensure minimum project requirements have been met at each stage of the project's development before the next tranche of funding is released to support the next development stage. Some funding could be unlocked through an initial review of the business case to help fund the project development work but the majority of the funding would not be unlocked until key project barriers, such as planning consent, have been addressed.

Figure 4: ITE review process



Source: SELEP Assurance Framework

Accountability Board approval

At the point of the Accountability Board funding decision, the Board are presented with summary information from the project business case and the outcome of the ITE assessment of the project.

Now that the Recovery and Renewal Strategy has been agreed for the SELEP area it may be possible to show the links between the objectives of the individual projects and the strategic objectives of the overall strategy.

This would also help to highlight how well the investment is addressing the agreed strategy and identify any gaps in investment.

Legal agreements and funding transfer

For almost all projects, excluding M20 Junction 10a and the Capital Skills projects, LGF has been transferred from the SELEP Accountable Body, Essex County Council, to the six partner authorities. Where the project is being delivered by a third-party organisation, a back-to-back legal agreement is put in place between the partner authority and the third-party delivery organisation. These arrangements can cause delays in the transfer of funding and increase the time taken to put all the necessary legal documents in place. This model of managing the LGF programme was established at the start of the LGF programme, in 2015, as a way of respecting SELEP's Federated Model and reflecting the limited SELEP Secretariat resource at the start of the LGF programme.

For future funding streams SELEP Ltd may want to reflect how efficiency can be achieved in managing the flow of funding, ensuring accountability for delivery and managing risk. Whilst other LEPs have managed their smaller capital programmes centrally, this has increased the resource requirements within the LEP Secretariat team to audit and oversee project delivery, whereas SELEP places assurance on local authority processes to ensure the appropriate spend of the grant and delivery of the projects.

Transfer of funding by MHCLG

The flow of funding to projects is dependent upon the approval of funding by MHCLG at the start of each financial year. Until the grant determination letter is received each financial year, the funding is only provisionally allocated by Central Government. The risk of non-payment of the grant is transferred to local authorities through the Service Level Agreements. This has impacted businesses and local partners willingness to enter contracts to receive grant funding through SELEP, as the future year funding cannot be contractually committed or the risk of not receiving future year funding is priced into the contract: increasing the cost of the project and reducing the value for money achieved through LGF investment.

At the start of 2020/21, a third of the LGF due to be received for 2020/21 financial year was withheld by MHCLG, totalling £26m LGF, whilst checks were completed to confirm the need for this funding. The five-month delay in confirming the remaining £26m LGF led to project delays and substantial time commitment from SELEP in evidencing the need for the remaining funding and mitigating the risk had the £26m not been confirmed.

Recommendation 6: Firm confirmation of the grant is required from MHCLG at the outset of the programme to reduce the financial risk to local authorities, businesses and other organisations due to receive grant funding through SELEP. Additional lobbying on this issue to HMG at the outset of funding programmes is of paramount importance and SELEP should use the influence of partners and stakeholders to assist in securing multi-year settlements

Monitoring delivery

Quarterly updates are received on the delivery of all projects and are presented to the Accountability Board, Strategic Board and Central Government. The monitoring returns include a range of metrics about the spend of the grant, other funding sources, delivery milestones, risks, outputs and outcomes achieved to date. These

returns are provided by the six partner authorities and are reviewed at the Programme Consideration Meeting, before the information is presented to the Accountability Board and Strategic Board.

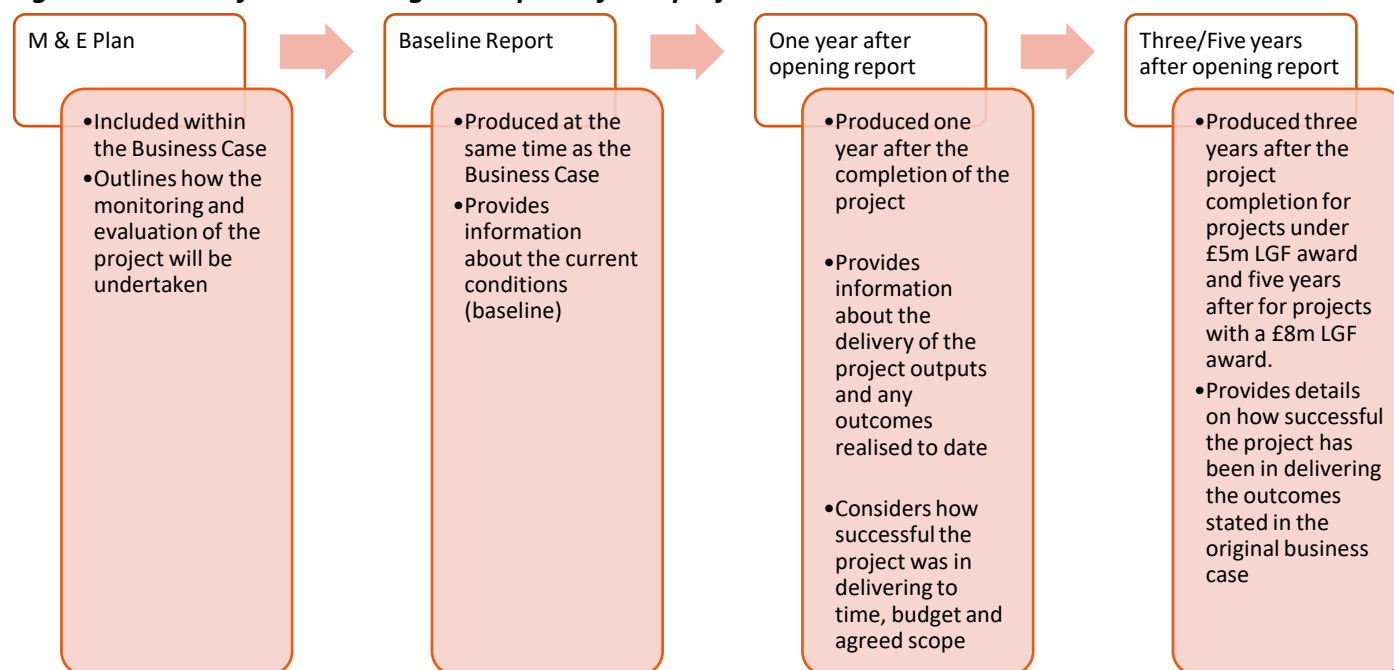
The approach to the monitoring of the investments locally differs between local authorities and federated boards. The reporting to SELEP has been most efficient where there is a strong oversight of projects at a local area, with dedicated programme management resource to oversee the investments and a programme board at a local level to ensure the projects remain on track and issues can be escalated and resolved.

The tracking of the project outputs and outcomes has been the most challenging area. This is, in part, due to clear expectations for the tracking of jobs and houses having not been agreed at the outset of the programme. Central Government also require updates on the number of jobs and houses delivered through LGF investment on a quarterly basis, whereas the data on house completions and job creation is captured on an annual basis and released several months after the end of the financial year.

Approach to M&E

All projects are required to provide ongoing monitoring information about the delivery of the project and undertake an evaluation of the project following its completion. The approach and resource expectations for this work are set out within the Monitoring and Evaluation (M&E) plan for each project, included as part of the business case. Each project is required to produce four specific documents in relation to the evaluation of the project: M&E plan, Baseline Report, one year after opening evaluation report and three/five years after opening evaluation report, as set out in figure 5.

Figure 5: Process for evaluating the impact of LGF projects



During the early years of the LGF programme, whilst there was an expectation that monitoring and evaluation would be undertaken for each project, the exact requirements from Central Government were not closely defined. As such, work has been required to retrospectively consider the baseline information and ensure the approach to evaluating the programme is understood and can be effectively undertaken. In some cases, this has involved retrospectively producing the baseline reports.

Recommendation 7: For future funding programmes, the monitoring and evaluation requirements should be clearly defined at the outset of the programme, with a M&E plan and baseline plan in place before the project commences. Sufficient revenue budget also needs to be identified to support the ongoing monitoring and evaluation costs associated with projects, particularly following the completion of the project.

Table 4 sets out the position with the post scheme evaluation reports. Those reports that have been received to date have been reviewed by the SELEP Secretariat and ITE. A number of project evaluation reports are currently outstanding. This reduces the opportunity to understand the lessons that can be learnt from the delivery of each LGF project and how these can be applied to future projects. An action plan will be developed to support the implementation of the recommendations set out within this report. This action plan will remain a live document so that the learnings from individual project reports can be incorporated as they are received from local partners.

Table 4: Latest position with the evaluation of LGF projects

| | Number of reports completed | Number of reports outstanding |
|--|-----------------------------|-------------------------------|
| <i>Projects completed to date</i> | 33 | 25 |
| <i>1 Year Post Scheme Completion</i> | 12 | 11 |
| <i>3/5 Year Post Scheme Completion</i> | 7 | 4 |

Recommendation 8: For future funding rounds, a small percentage of the projects funding allocation could be held back until full project completion and the post scheme evaluation report has been submitted. This would provide the incentive to complete a thorough evaluation report to the required timescales and ensure that the original scope of the project has been achieved. However, this could be difficult to implement for projects with multiple funding streams.

Delivery of project outputs

Overall position on project delivery

In total, 84 of the 141 projects included within the LGF programme have been delivered. The remaining 57 projects are due to complete beyond 31 March 2021, with the remaining grant having been transferred across to partner authorities for spend beyond the Growth Deal³.

Table 5: Project completions

| | Number of projects |
|---------------------------------|--------------------|
| Completed projects | 84 |
| Construction in progress | 28 |
| Design in progress | 25 |
| Pending approval | 4 |
| Total | 141 |

Source: Local partner update returns

Projects have only been allowed to retain LGF for spend beyond the Growth Deal period where the following five conditions can be satisfied:

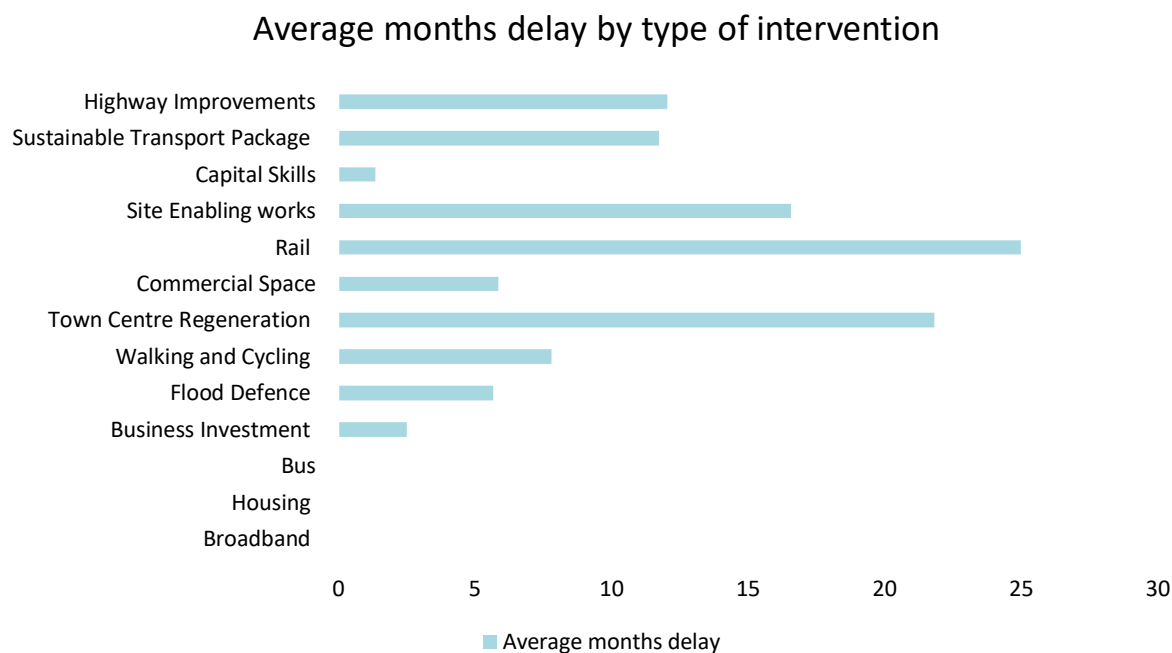
- Condition 1: There must be a clear delivery plan with specific delivery milestones and completion date;
- Condition 2: There is a direct link between the delivery of jobs, homes or improved skills levels within the SELEP area;
- Condition 3: All funding sources have been identified to enable the delivery of the project;
- Condition 4: Strategic Board endorsement is required; and
- Condition 5: Contractual commitment must be in place for the delivery of the project by 30 September 2021.

Project delays

An assessment has been completed to consider how the actual project delivery programme compares to the expected completion dates stated in the business case. The revised actual completion date or revised forecast completion date has been obtained from the last quarterly update return provided by each local authority. This shows an average 8-month delay for each LGF project in the programme.

The most substantial delays have been identified for rail projects, with the four rail projects averaging a 25-month delay, but with only one of the four rail projects having completed to date this average delay may increase further. Town Centre Regeneration projects experienced, on average, the second longest delay at 22 months as set out in figure 6.

Figure 6: Average months delay by type of intervention



Source: Local authority update returns

When considering the length of project delays relative to the scale of intervention, the projects with larger LGF allocations incurred the longest delays. Projects with an LGF allocation of over £10m experienced the longest delays, with an average 18-month delay to completion, relative to the programme set out within the business case.

When project delays are considered relative to the total project cost, there does not seem to be any relationship between the length of project delays and the total project cost. This may be due to the high proportion of projects over the value of £10m which remain under construction. Only seven of the 19 projects with a total project cost of over £20m have been completed to date. As such, the analysis of the current data available may not show the full extent of delays the large-scale projects will experience.

Figure 7: Project delays by LGF allocation

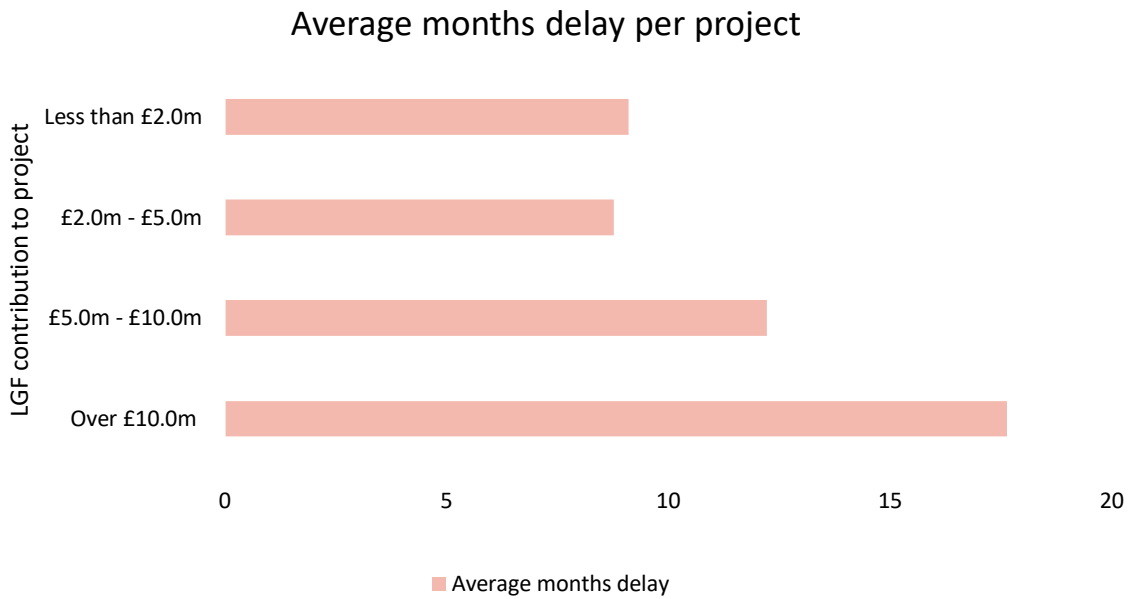
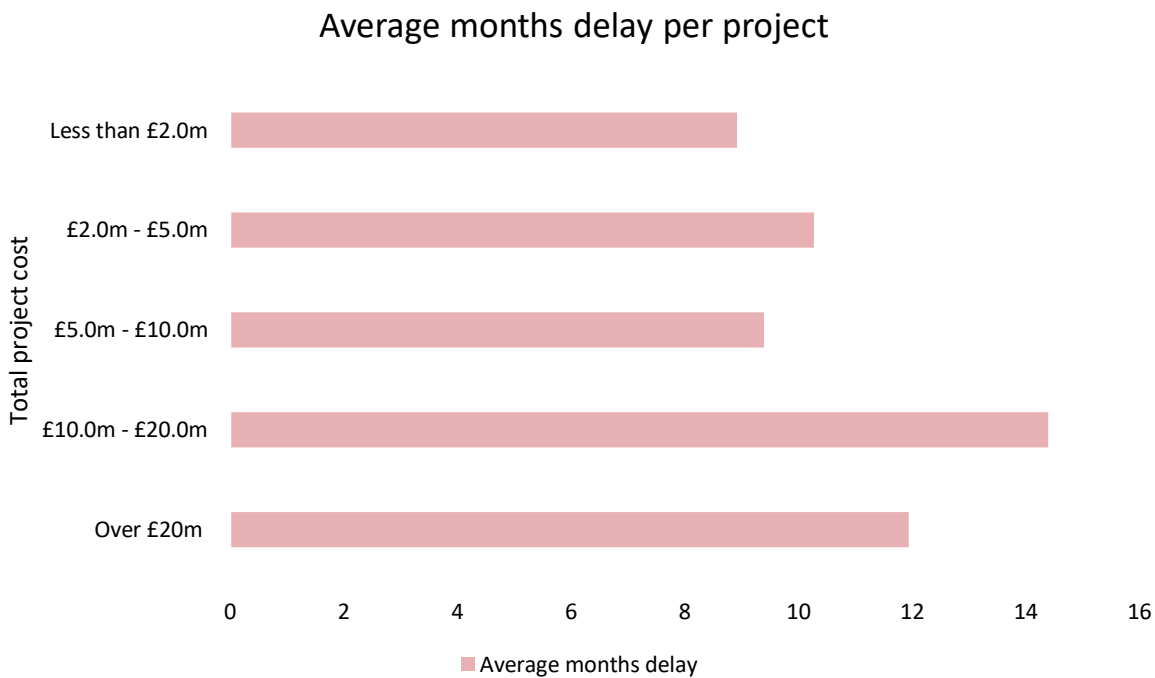


Figure 8: Project delays by total project cost



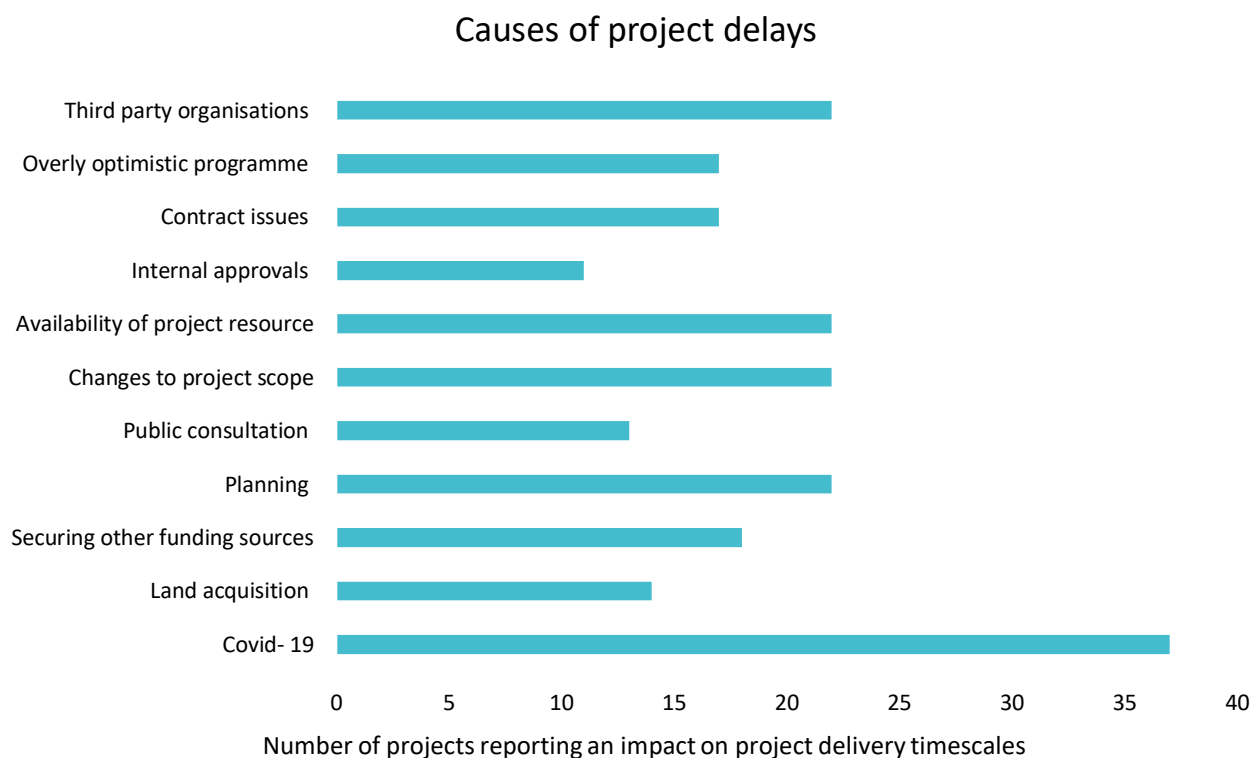
Causes of project delays

Local areas have been asked to provide information about the causes of project delays. Information has not been provided for every project, but responses have been provided for a majority of projects. Local partners were asked to state all the factors which contributed to the delays experienced in delivering the project, or the delays experienced to date where the project remains live.

The responses show that, unsurprisingly, COVID-19 has an impact across the greatest number of projects, with 37 projects stating delays associated with the impact of the virus and the public health measures in place during 2020 and 2021.

Aside from the impact of COVID-19, the other main causes of project delays were planning, changes to project scope, availability of project resource and the impact of third-party organisations.

Figure 9: Causes of project delays



Source: Local authority update returns

The causes of project delays have been considered based on the type of intervention, as set out in Table 6. As there is an incomplete data set, as not all projects have provided information, and some projects remain in progress, this is not a complete analysis. However, the information in table 6 suggests that contract issues have been a contributor to delays experienced by highway projects. Several sustainable transport projects also reported overly ambitious delivery schedules.

Table 6: Causes of project delays by project type

| Type of intervention | Covid- 19 | Land acquisition | Securing other funding sources | Planning | Public consultation | Changes to project scope | Availability of project resource | Internal approvals | Contract issues | Overly optimistic programme | Third party organisations |
|-------------------------------|-----------|------------------|--------------------------------|-----------|---------------------|--------------------------|----------------------------------|--------------------|-----------------|-----------------------------|---------------------------|
| Highway Improvements | 11 | 9 | 7 | 8 | 6 | 8 | 8 | 3 | 10 | 8 | 8 |
| Capital Skills | 5 | 0 | 2 | 2 | 0 | 4 | 3 | 2 | 0 | 0 | 1 |
| Sustainable Transport Package | 6 | 2 | 3 | 2 | 4 | 4 | 4 | 1 | 2 | 5 | 4 |
| Site Enabling works | 2 | 0 | 1 | 4 | 1 | 1 | 2 | 1 | 1 | 1 | 2 |
| Rail | 1 | 1 | 1 | 2 | 1 | 2 | 1 | 1 | 3 | 1 | 3 |
| Commercial Space | 6 | 1 | 4 | 3 | 0 | 2 | 2 | 2 | 1 | 0 | 2 |
| Town Centre Regeneration | 4 | 1 | 0 | 1 | 1 | 1 | 2 | 1 | 0 | 2 | 1 |
| Walking and Cycling | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Flood Defence | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 |
| Business Investment | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Bus | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Housing | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Broadband | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | 37 | 14 | 18 | 22 | 13 | 22 | 22 | 11 | 17 | 17 | 22 |

Impact of COVID -19

As set out in table 6, a total of 37 projects reported delays due to the impact of COVID-19. Due to the substantial impact across the programme, local partners have provided further information about the impact of COVID-19 on the delivery of the programme.

The main impacts of COVID-19 on project progress include:

- Delays to TRO's and public consultation – new approaches to completing public consultation were required whilst the public health measures were in place to reduce social contact. This change to approach required re-planning.
- Planning delays – this includes delays to planning applications being determined by local authority planning committee as the new processes for meeting virtually were introduced and delays to Planning Inspectorate hearings for planning appeals.
- Sickness – members of the project team became unwell with COVID-19, causing delay to works and, in some cases, construction sites needed to temporarily close.
- Supply chain impact – some of the projects struggled to source materials, due to challenges within the international supply chain.
- Affordability – project finances have required review to consider cost implications of any substantial project delays or reduction in funding sources available to support the project, due to financial pressures on the delivery organisations.
- Delays to the delivery of the project benefits – some projects have reported a potential slowdown in the employment growth and commercial space delivery due to the uncertainty over demand for office space.

Other issues impacting project delivery

The review of the post scheme evaluation reports and conversations with officers through the programme consideration meeting group across SELEP has identified some common issues which have impacted the delivery of LGF projects and lessons learnt through the programme.

Constraints of the funding deadlines

The deadlines for securing funding can lead to decisions to progress projects when they have been insufficiently well developed. Some projects have received funding awards in advance of public consultation having taken place and planning consent having been secured. Through public consultation some substantial changes to projects can be identified, impacting project scope, costs and delivery timescales.

The need to achieve SELEP and Government deadlines for spending grant funding can also lead to poor decision making in terms of establishing an appropriate funding package for projects and using the appropriate contracts to deliver the project. The National Audit Office 2016 report on Local Enterprise Partnerships also found that the pressures placed on LEPs by Central Government departments to spend their LGF allocations in year was creating a risk that LEPs would not fund projects most suited to long-term economic development⁴.

A longer-term picture of future funding streams may help to reduce the amount of early bidding funding for projects in advance of them being sufficiently well developed. It would also support local decision making which supports investment in projects which most urgently need funding, rather than holding back funding for projects to spend in future years.

Recommendation 9: Seek greater assurances from Central Government over future capital funding streams to enable longer term planning of local infrastructure investment.

Skills and resource

As well as LGF investment, a number of other funding streams have also become available over the same timescales, creating competition for resource: both internally within local authorities but also within the private sector, for contractors and suppliers. This is a particular challenge for the SELEP area, where there is a concerning construction skills shortage and there are several large-scale infrastructure projects planned or underway. The competition for resource within the private sector also increases project delivery costs.

The resource requirements of delivering the LGF programme have not just relied on project managers and senior officers within the local authorities but also rely on capacity and expertise of experts from across the wider organisation, including teams such as finance, legal and procurement.

A number of the LGF projects have relied on the involvement of third-party government agencies, including Network Rail and Highways England. Involvement of these agencies has ranged from a requirement to engage during project development to leading on project delivery. Effective and prompt action by these agencies has proved critical to enabling project delivery within the timeframe set by Government and is reliant upon there being sufficient expertise available within the organisation. This resource has not always been available and has contributed to the extended delivery programme of a number of projects within the LGF programme.

It is also important that promoting authorities have an understanding of the governance processes of any third parties involved in project delivery and that these are factored into the project delivery timetable.

⁴ NAO, [Local Enterprise Partnerships](#), HC 887, Session, 2015-16, 23 March 2016, pg. 6

Recommendation 10: The resource requirement for promoting authorities delivering capital projects needs to be fully understood and costed. Appropriate contingency and inflation costs need to be considered within project cost estimates to account for construction cost increases and appropriate project management costs.

Scheme promoters need to ensure that adequate resource and expertise is available across the organisation or available from third party organisations, including other governmental agencies to support the delivery of the project.

Further lobbying of HMG on the impact of delays by other governmental organisations should continue. This could include the calculation of financial cost of delays to illustrate the impact of the delays

Governance processes

The governance processes for SELEP funding may differ from internal local government processes, and the governance requirements of contracts, such as the NEC 3 or JCT contracts. The differing governance arrangements and how these will be managed needs to be considered at the outset of the project so as to ensure effective delivery. Without effective management these differences can further complicate contract governance and can result in officers being required to act in excess of their Local Authority delegations due to the requirements of the contract. It is critical that steps are taken to align the governance processes as much as possible in advance of the commencement of any contracts.

The planning process has been identified as one of the main reasons for delayed project delivery. Whilst this has, in part, been due to complications which have arisen as a result of the COVID-19 pandemic, other planning issues have arisen which have impacted on project delivery programmes. These issues include planning permission being refused and the application being subject to a planning appeal and design changes which have prompted the need for further consultation and extended planning determination periods. Whilst not all of these planning issues could have been foreseen, it is important that sufficient time is allowed in the project delivery programme for planning permission to be secured to minimise the delay to project completion.

All projects are subject to internal local authority processes and approvals throughout their delivery programme – including agreement to add the project to the capital programme and management of any changes to the project including scope and budget/funding package. The time required to secure the required approvals can be significant, particularly when both Cabinet and Full Council need to consider and approve the project and can lead to delays in project delivery. These internal processes can easily be overlooked when developing the project programme and therefore, when considering any potential future funding streams, additional time needs to be allowed within the project programme to ensure that completion of internal governance requirements does not impact on the construction timetable.

Utilities

Through discussions with partner authorities it has been identified that utility diversions have created a delay to a number of projects. This is due to a range of issues including:

- There being an inaccurate understanding of where the utilities are located;
- Limited resource within the utility companies to co-ordinate and resource the works required to enable the delivery of LGF projects; and
- Restrictions on when the moving of utilities can take place

For larger scale projects it may be necessary to appoint an individual responsible for co-ordinating the diversion of utilities and for the diversions to take place before the main construction works commence.

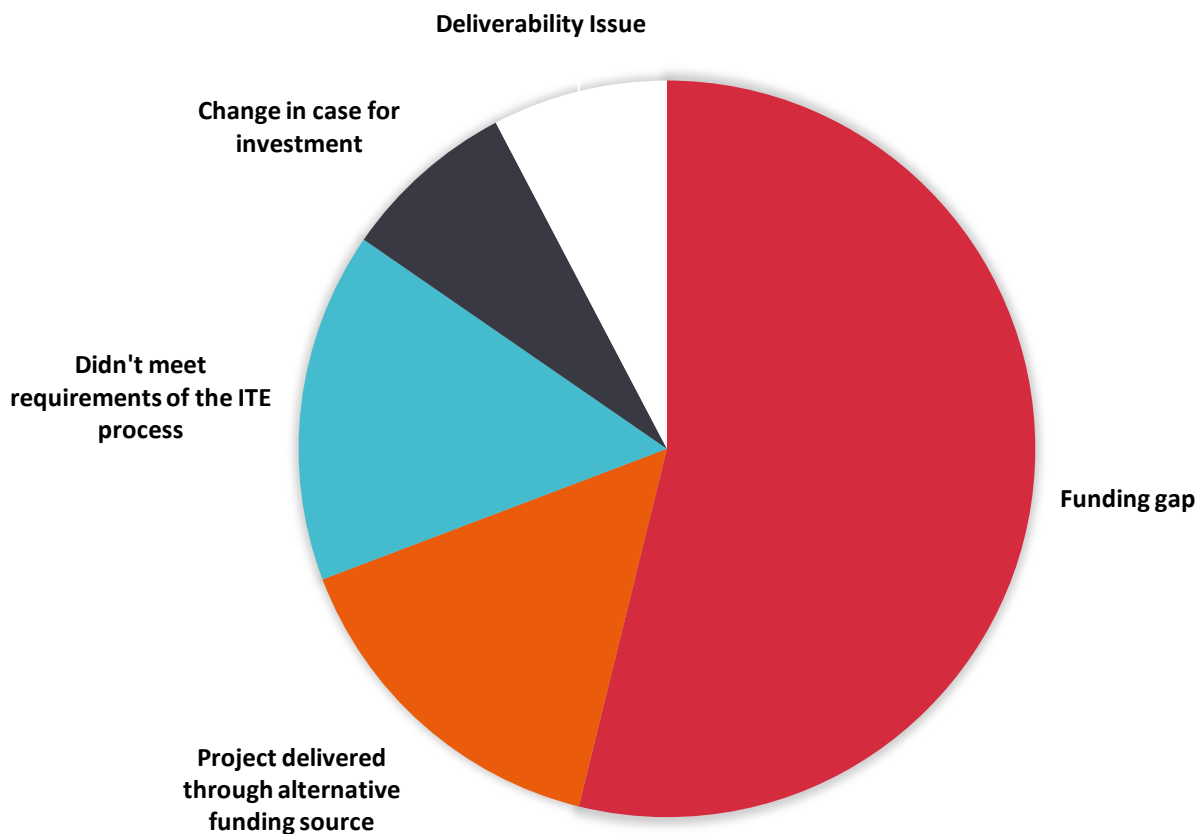
Cancelled LGF projects

Since 2015, a small number of LGF projects have been removed from the programme or have been placed on hold for a period of more than two years. As shown in figure 10, the main reason for the projects being unable to proceed is due to a funding gap, but with other reasons also including alternative funding streams becoming available, not meeting the requirements of the ITE process, project no longer presenting a strong case for investment and deliverability issues (predominantly relating to land acquisition).

For the seven projects that identified a funding gap, in five cases this was due to the local match funding stream not becoming available. In two cases, the funding gap was due to a change in project scope being required but the project no longer being affordable within the available budget.

In the later years of the programme, LGF has only been awarded to those projects that have a complete funding package once the LGF has been secured. In some circumstances, where the other funding sources have been identified but have not been confirmed, the LGF funding award has been made subject to written confirmation being provided by the partner authority to confirm that the full funding package is in place before the funding is transferred.

Figure 10: Main reasons for the cancellation of projects from LGF programme



Delivery of project outcomes

The objectives of the LGF programme were not closely defined by MHCLG or SELEP at the outset of the programme, but the overall aims of the Strategic Economic Plan were to create new private sector employment opportunities and deliver new homes. The projects identified within the programme were either expected to directly unlock private sector development sites through tackling site viability issues or indirectly, through improving skills levels and improving transport provision for access to education and employment. The majority of LGF investments were made to achieve one or more of the following six objectives:

- unlocking new employment sites;
- unlocking new housing sites;
- supporting the regeneration of town centres;
- reducing congestion;
- supporting sustainable transport; and/or
- improving skills.

As many projects are still in the delivery phase, it is not currently possible to complete a full evaluation of the impact of LGF investments at this time. As per the process set out in figure 5, one-year post scheme completion and three/five years post scheme completion reports are required for individual projects. This information will feed into future assessments of the impact of the LGF programme.

In the interim period, this section of the report looks at the impact of LGF investment on housing delivery and the completion of employment space/job creation.

Housing Delivery

The original SEP set the ambition to deliver a total of 100,000 homes by 2021. To achieve this ambition SELEP sought a total of £2bn LGF. As the SELEP secured 29% of the funding ask, the expected housing delivery of the LGF investment was scaled back. Based on the information provided within project business cases and reporting by local partners it was expected that the Growth Deal would deliver 111,424 new homes in total over an extended period of time.

Table 7 shows the reported progress in delivering houses to date and the latest forecast housing delivery information. The full impact of the programme is not yet understood as 57 projects have not yet been completed and the expected benefits of the projects stated within the business case often extend over a 15-year period, or longer.

Table 7: Houses delivered through LGF investment

| Partner authority | Forecast in business cases | Latest revised forecast⁵ | Houses delivered to date | Completion to date relative to revised forecast (%) |
|--------------------------|-----------------------------------|--|---------------------------------|--|
| East Sussex | 6,582 | 2,708 | 1,841 | 67.98% |
| Essex | 60,727 | 46,885 | 15,798 | 33.70% |
| Kent | 21,154 | 22,657 | 5,730 | 25.29% |
| Medway | 10,756 | 10,756 | 1,144 | 10.64% |
| Southend | 5,346 | 5,346 | 656 | 12.27% |
| Thurrock | 6,859 | 6,859 | No reported housing completions | |
| Total | 111,424 | 95,211 | 25,169 | 26.43% |

Source: Local authority LGF update returns

To date, local partners have reported the **delivery of 25,169 new homes** as a result of LGF investment, relative to the 95,211 expected, with a further 70,042 due to be delivered in future years.

The housing delivery forecasts have not been revised to consider the impact of COVID-19 but this may reduce the total number of housing completions expected as a result of LGF investment or slow the pace of housing delivery.

Challenges with data

There are several challenges with the reporting of housing completions by local areas, this includes the following concerns:

- Data on housing completions is only released annually and so the latest returns provided by local partners is only expected to include data to the end of 2019/20 at this time.
- There is no uniform approach recommended by Central Government for how the impact of investment on housing delivery should be assessed. The approach differs between different types of intervention.
- There are challenges in determining the extent to which the housing delivery was dependent on the LGF investment compared to the scale of development which would have taken place irrespective of the LGF investment.
- It is difficult to differentiate the impact of different infrastructure projects and to ensure that the benefits of infrastructure investment are not double counted.

To consider the impact of LGF investment on housing delivery more holistically, Figure 11 shows the house completions across the SELEP area since 2015, relative to LGF investment. From the information it is not possible to show the dependency between the housing delivery and the LGF investment, but residential development sites can be seen in close proximity to the LGF investments.

Analysis has also been undertaken to compare the average housing delivery in districts based on the amount of LGF spent in that district (considering completed LGF projects only), a summary of which is presented in Table 8. From the data currently available there does not seem to be a statistically significant correlation between the location of LGF investment and the housing completion figures for that specific district.

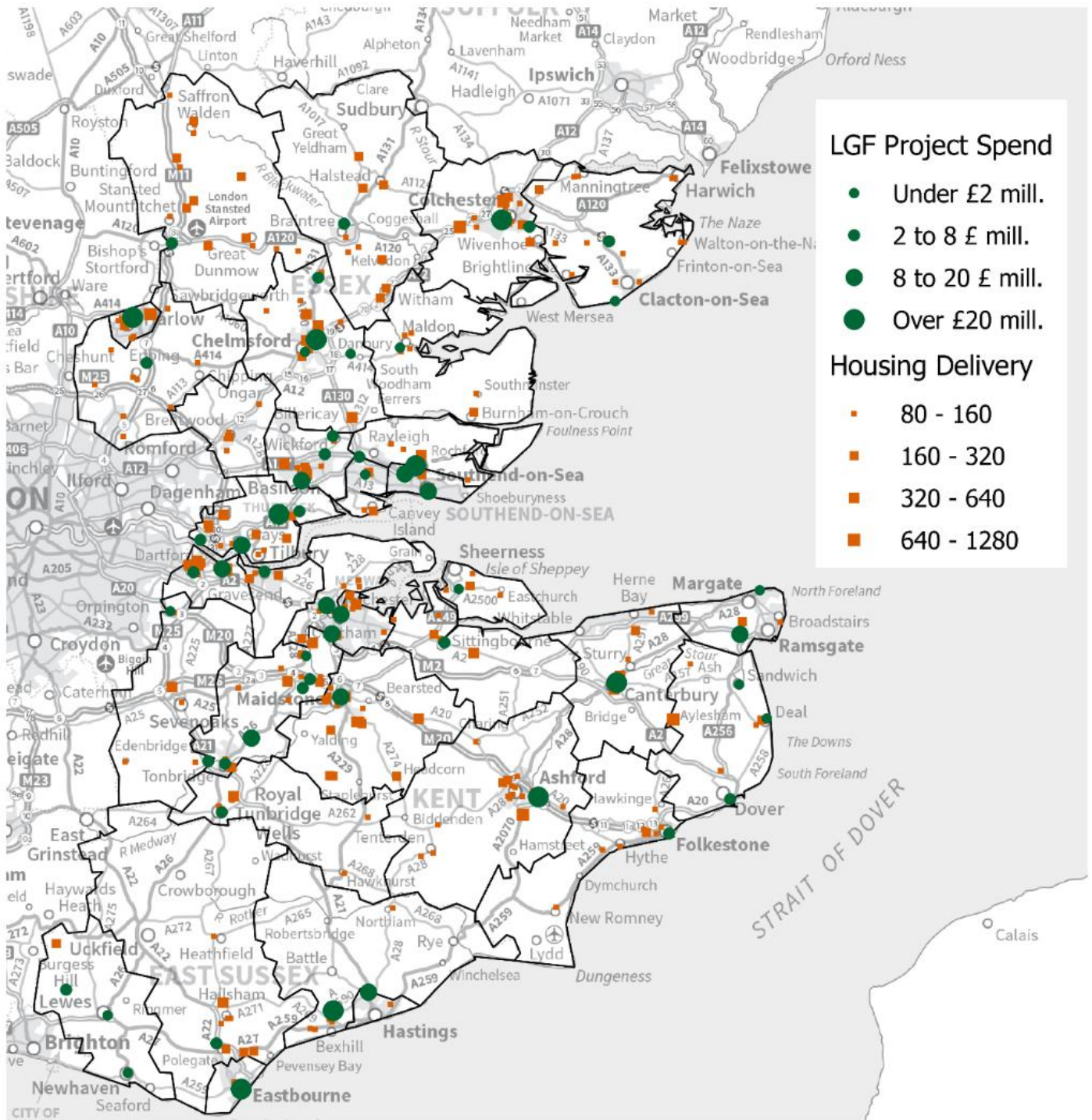
⁵ The expected housing completions have not been revised to consider the impact of COVID-19

As set out above, it is difficult to differentiate the impact of the LGF investment relative to investment through other funding streams and development which may have taken place without the LGF investment. The methodology is also flawed as the impact of LGF investment is not necessarily confined to the district in which the project is being delivered. The analysis does, however, show that the average housing completions were higher over the five-year period to 2020 in districts where over £2m LGF was invested.

Table 8 – Average district housing completion by amount of LGF investment (considering completed LGF projects only)

| Complete Projects Value | Average Housing Delivery (5 years) | Local Authorities |
|--------------------------------|---|--|
| 0 | 1,862 | |
| Under £2 million | 2,064 | Hastings, Swale |
| £ 2 to 5 million | 3,586 | Basildon, Dartford, Maidstone, Medway, Southend, Tendring, Tonbridge and Malling |
| £ 5 to 10 million | 3,211 | Chelmsford, Dover, Folkestone and Hythe, Thurrock |
| £ 10 to 20 million | 3,053 | Ashford, Colchester, Harlow, Rother |

Figure 11 – Housing completions and LGF investments



Within the original SEP document, SELEP aspired to increase the pace of housing delivery by 50%, relative to the position prior to 2014. Across the SELEP area, this target has been far exceeded. SELEP has achieved a faster pace of housing delivery than the national average, with a 73% increase in housing delivery between the three years to 2013/14 and the three years to 2019/20⁶. The rate of increase in housing delivery within the SELEP area over this timescale exceeds the national average of 64%.

⁶ Calculated based on a three-year average.

Table 9: Housing delivery

| | Average Annual Net Housing Delivery 2012/13 to 2014/15 | Average Annual Net Housing Delivery 2017/18 to 2019/20 | Increase in delivery |
|----------------|---|---|---------------------------------|
| SELEP | 10,028 | 17,317 | 73% |
| England | 144,007 | 235,976 | 64% |

Employment space and job creation

The SEP set the ambition of creating 200,000 new private sector jobs by 2021. As with housing growth, the expected impact of the LGF in supporting new employment opportunities was adjusted to take account of the actual funding received from Central Government, relative to the amount sought. Based on the information provided within project business cases and reporting by local partners it was expected that the Growth Deal would result in the creation of 149,361 new jobs in total.

Some of the projects are expected to help facilitate the creation of new jobs through the provision of new commercial space, whereas other projects will improve access to employment opportunities or unlock sites for redevelopment. The delivery of infrastructure and residential development is also expected to help create jobs within the SELEP area.

Job creation

Table 10 shows the reported progress in delivering jobs to date and the latest forecast jobs delivery information. The full impact of the programme is not yet understood as 57 projects have not yet been completed and the impact of COVID-19 on employment levels in the medium – longer term is not currently clear, as the furlough scheme is currently still in place.

As with housing delivery, the benefits of the projects stated within the business case often extend over a 15-year period, or longer, but the impact of COVID-19 may further delay the delivery timescales.

The reporting by local areas on the impact of LGF investment in creating new jobs is set out in Table 10. The reporting suggests that a total of 24,785 jobs have been created as a result of the programme, with 20% of the expected jobs having been created to date.

Table 10: Job creation

| Partner authority | Forecast in business cases | Latest revised forecast⁷ | Jobs created to date | Completion to date relative to revised forecast (%) |
|--------------------------|-----------------------------------|--|-----------------------------|--|
| <i>East Sussex</i> | 17,301 | 3,456 | 941 | 27.23% |
| <i>Essex</i> | 64,362 | 52,957 | 15,565 | 29.39% |
| <i>Kent</i> | 22,226 | 21,929 | 5007 | 22.83% |
| <i>Medway</i> | 20,997 | 20,997 | 2,378 | 11.33% |
| <i>Southend</i> | 3,880 | 3,880 | 323 | 8.32% |
| <i>Thurrock</i> | 20,595 | 20,595 | 571 | 2.77% |
| Total | 149,361 | 123,814 | 24,785 | 20.02% |

Source: Local authority LGF update returns

As with the housing delivery data there are also concerns about the reliability of the data on job creation due to the risk of double counting across LGF projects or investment through other funding streams.

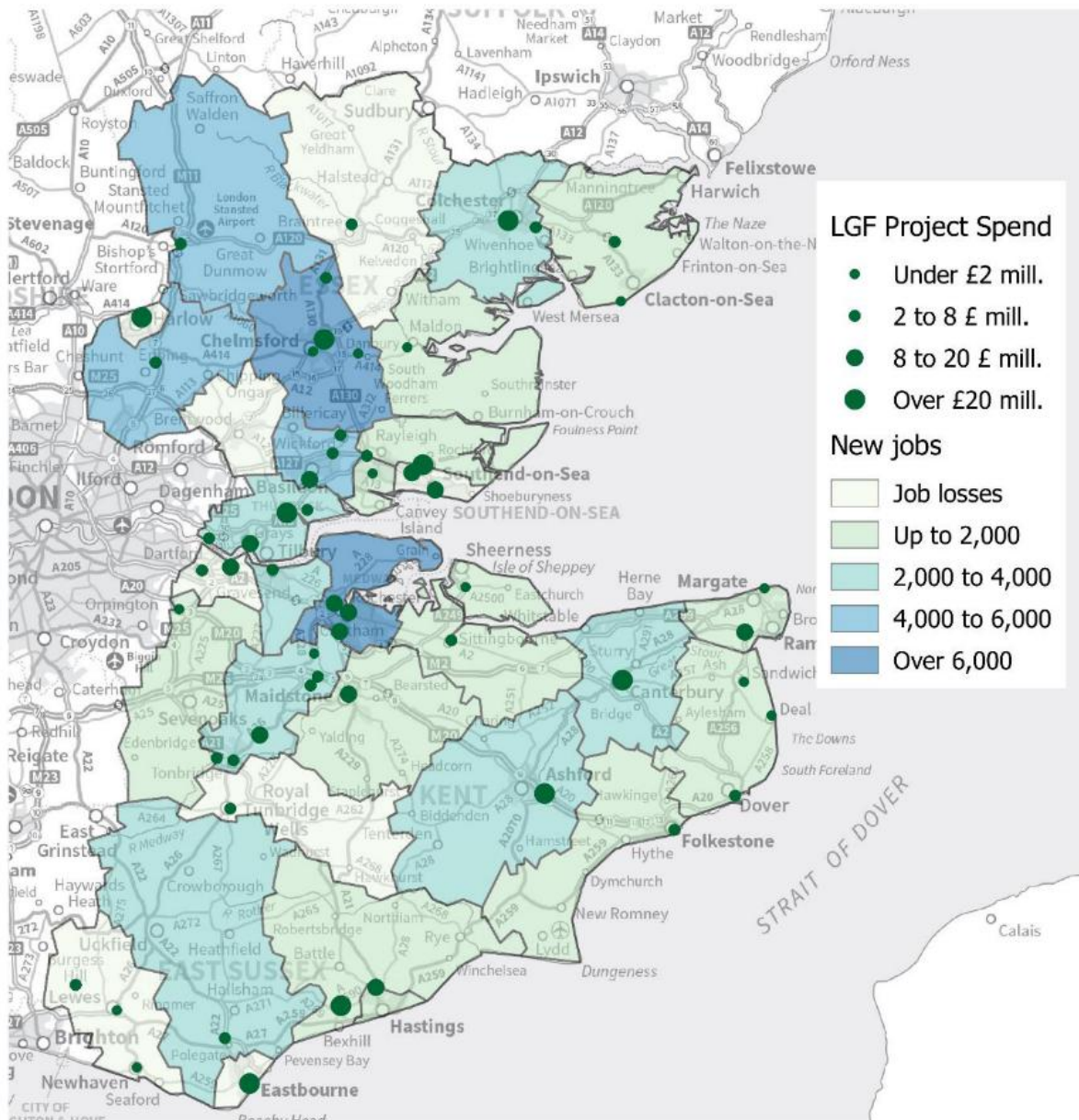
The job creation data has been assessed across the SELEP area since the start of the LGF programme. The number of jobs in the SELEP area increased by 104,600 between 2015 and 2019. Employee jobs increased by 52,800, and self-employment by 51,800. The growth rate in employee jobs was below the England average, with a net loss of public sector jobs and a relatively low increase in full time private sector jobs. Most net job creation was for part-time private sector jobs and the increase within the SELEP area for such jobs was in line with the national rate of increase.

Table 11: SELEP area Employee jobs 2015 – 2019

| | Increase in Jobs, 2015-2019 | Increase as a percentage | Increase for England |
|-----------------------|------------------------------------|---------------------------------|-----------------------------|
| Public Sector | | | |
| <i>Full time</i> | 2,000 | 1.3% | 2.5% |
| <i>Part time</i> | -2,500 | -2.4% | -0.1% |
| | | | |
| Private sector | | | |
| <i>Full time</i> | 10,000 | 1.1% | 3.9% |
| <i>Part time</i> | 43,300 | 10.0% | 10.0% |
| | | | |
| Total | 52,800 | 3.4% | 5.0% |

⁷ The expected housing completions have not been revised to consider the impact of COVID-19

Figure 12: New jobs and LGF investment



Source: ONS Business Register and Employment Survey.

The impact of COVID-19 on the delivery of project benefits is not fully understood. As part of the LGF update return provided by each local area, partners have been asked about the impact of COVID-19 on the delivery of the expected project benefits.

No substantial changes have been reported to the impact of COVID-19 on individual projects by local partners; however, for some schemes, the delay to project completion will impact the timescales for the delivery of project benefits.

At the time of writing this report, the conditions for the ‘new normal’ are not understood. It is reasonable to assume that the behaviour change as a result of the public health measures put in place during the pandemic may have longer term implications for commercial space demand, housing demand, travel patterns and the future of high streets. This may impact the benefits due to be delivered through the LGF programme.

Conclusions

This document gives a clear overview of how the management of the LGF programme has evolved over the Growth Deal period and provides a strong insight into the processes which need to be established in advance of receipt of any future capital funding streams.

It is evident from this report that governance of the LGF programme has been considerably strengthened since the outset of the programme, with structured monitoring and evaluation processes introduced, strengthened change management processes and a refined prioritisation process which supports input from the SELEP Federated Boards. Despite the progress which has been made during the Growth Deal period, this report outlines a number of recommendations which could be considered by the Accountability Board and Strategic Board should any further capital funding become available. These recommendations include targeting investment to best support the strategic objectives set out within the SELEP Economic Recovery and Renewal Strategy allowing a more focused programme of investment and refocusing the Independent Technical Evaluator process to provide greater challenge to the information provided in the wider project Business Case – for example, delivery programme and project costs. Introduction of these measures is dependent upon Central Government taking on board feedback provided in relation to their management of the funds and the limited advance notice normally provided.

Whilst acknowledging that at the outset of the Growth Deal a global pandemic could not have been foreseen, the report also provides a valuable insight into other causes of delayed project delivery, including planning, engagement with external organisations, resourcing issues and changes to project scope. Ongoing Getting Building Fund and Growing Places Fund projects can learn from the LGF experiences shared by local partners to better shape their delivery programmes to minimise delays.

Importantly the document offers a useful opportunity to highlight, albeit at an early stage, how the LGF has helped the key growth areas in the SELEP region bring forward important infrastructure projects to deliver homes and jobs during the early part of the Growth Deal. More recent funding has been important to the education sector to enable a growth in skills and the full benefit of this will be seen across the SELEP area in the coming years.

This document will be presented to both Accountability Board and Strategic Board to allow members to provide feedback on their own experiences of the Programme and to consider the recommendations made. Following agreement of recommendations, an action plan will be developed. This will set out recommendations and the changes necessary to implement them. It will be prioritised and include timescales for delivery. The action plan will be a live document and additional learning gained from the ongoing monitoring and evaluation of projects post completion will be used to update the plan as appropriate.

Forward plan reference number: FP/AB/414,
FP/AB/415, FP/AB/416, FP/AB/417,
FP/AB/418, FP/AB/419, FP/AB/420

| | |
|---|----------------------|
| Report title: LGF additional funding awards | |
| Report to: Accountability Board | |
| Report author: Howard Davies, SELEP Capital Programme Officer | |
| Meeting date: 2 July 2021 | For: Decision |
| Enquiries to: howard.davies@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 consider the award of Local Growth Fund (LGF) to projects on the pipeline should additional LGF funding become available as a result of the Board deciding to remove allocations from projects under earlier decisions on the agenda.
- 1.2. If there is no LGF available to be reallocated, this report will not be considered by the Board. Projects will only be considered for award where sufficient allocation is available. The available balance of LGF will be clearly presented to Board ahead of any decisions being considered.

2. Recommendations

- 2.1. The Board is asked to:

- 2.1.1. **Note** the award of additional LGF funding will only be considered if sufficient funding is available at this point in the meeting on the 2 July 2021;

- 2.1.2. **Agree** the award of additional LGF to the following projects in the order they appear on the LGF additional funding prioritised project pipeline, subject to removed LGF allocations being returned to the SELEP Accountable Body. The projects have been assessed as presenting high value for money with high certainty:

- 2.1.2.1. Kent and Medway EDGE Hub - **£322,872**

- 2.1.2.2. Mercury Rising, Essex - **£228,000**

- 2.1.2.3. Southend Airport Business Park Part A - **£600,000**

- 2.1.2.4. Southend Airport Business Park Part B - **£500,000**

- 2.1.2.5. Southend Airport Business Park Part C - **£500,000**

LGF additional funding awards

- 2.1.2.6. Maidstone East Station Access Improvements (West Kent LSTF) - **£153,000**
- 2.1.2.7. A127 Essential Maintenance Part B - **£393,000**
- 2.1.2.8. Parkside Phase 3 - **£1,650,000**
- 2.1.2.9. A13 Widening Part B - **£1,000,000**

3. Background

- 3.1. In December 2020, SELEP Ltd agreed a new pipeline of LGF projects, which included a total of 20 projects, details can be found at Appendix C. The ten projects which were prioritised for additional LGF have now been awarded funding.
- 3.2. The pipeline of LGF projects was established to provide the opportunity for existing LGF projects, which were struggling with cost increases or reduced local funding contributions due to the impact of COVID-19, to seek additional LGF funding.
- 3.3. For projects to be considered for additional LGF, scheme promoters were required to demonstrate:
 - 3.3.1. a legitimate case for why additional public sector investment was required in the project;
 - 3.3.2. that the project remained a strategic priority in supporting the COVID-19 economic recovery and/or in addressing the challenges presented by Brexit;
 - 3.3.3. that the project continued to present high value for money; and
 - 3.3.4. that if additional funding was awarded to the project, that the project was in a strong position to proceed to delivery, with no substantial delivery risks.
- 3.4. The next nine projects on the pipeline have come forward for assessment although it is currently unknown what the value of the LGF available will be.
- 3.5. At time of writing it is not expected that any additional LGF will become available at this meeting.
- 3.6. However, under agenda item 9 it is possible that the Board may decide to remove the remaining unspent LGF of £623,389 from the A26 Tunbridge Wells Junction and Cycle Improvements Package.
- 3.7. If the £623,389 is reclaimed from the A26 Tunbridge Wells Junction and Cycle Improvements Package it will be necessary for Kent County Council to return the funding to Essex County Council, as the Accountable Body for SELEP, before the funding can be transferred to support the delivery of the projects identified in this report. Any decision to award funding to projects on the pipeline will be dependent upon the funding being returned to the Accountable Body.

LGF additional funding awards

3.8. At the March Board meeting the Kent and Medway EDGE Hub Project was allocated £901,128. The Kent and Medway EDGE Hub project remains at the top of the project pipeline with a remaining additional LGF ask of £322,872. The balance of £300,517 can then be allocated to the next projects on the pipeline which are Mercury Rising, and Southend Airport Business Park Part A as follows:

3.8.1. Mercury Rising - £228,000

3.8.2. Southend Airport Business Park Part A - £ 72,517

3.9. The projects detailed in this report have provided updated versions of their applications for additional LGF. These applications have been reviewed by the Independent Technical Evaluator (ITE) to ensure the projects continue to present High value for money, based on their original Business Case and the additional funding ask. The outcome of this assessment is set out in Appendix A and summarised in section 4 below.

3.10. No concerns have been raised about the deliverability of the projects on the pipeline, as local partners plan to meet the increase in project costs. These projects will remain under review and risks to the delivery of the projects will be brought to the Board's attention.

3.11. Table 1, below lists the nine projects, including details of the previous LGF project allocation and the additional LGF ask. Further details of the projects and the reasons behind the need for additional funding can be found in Appendix B.

Table 1: Overview of the additional funding requests for LGF projects.

| Project Name | Current LGF Allocation £000s | Additional LGF requested £000s | Total LGF £000s | Cumulative total funding ask £000s |
|--|------------------------------|--------------------------------|-----------------|------------------------------------|
| Kent and Medway Edge Hub Part B | 7,020 | 323 | 7,343 | 323 |
| Mercury Rising, Essex | 1,000 | 228 | 1,228 | 551 |
| Southend Airport Business Park Part A | 23,090 | 600 | 23,690 | 1,151 |
| Southend Airport Business Park Part B | | 500 | 24,190 | 1,651 |
| Southend Airport Business Park Part C | | 500 | 24,690 | 2,151 |
| Maidstone East Station Access Improvements (as part of West Kent | 1,246 | 153 | 1,399 | 2,304 |
| A127 Essential Major Maintenance and The Bell Junction Improvement | 6,600 | 393 | 6,993 | 2,697 |
| Parkside Phase 3 | 5,000 | 1,650 | 6,650 | 4,347 |
| A13 Widening Part B | 81,500 | 1,000 | 82,500 | 5,347 |
| Total | 125,456 | 5,347 | 130,803 | |

3.12. If the value of LGF being returned at this meeting exceeds the value of the 7 projects, in Table 1, (£5.348m) then a further pipeline, or alternative option(s) will be presented to the Strategic Board meeting in October 2021.

4. Summary Position

LGF additional funding awards

- 4.1. All seven projects have had their applications for additional funding assessed by the ITE and all are considered to present High value for money with a High level of certainty. Further details can be found in Appendix A.
- 4.2. The project specific information at Appendix B includes details on risk but there is a generic risk that these projects will not be completed in line with the extended Growth Deal period.
- 4.3. Transfer of any available funding to the Upper Tier Local Authorities responsible for the projects identified in this report is dependent upon return of the any removed LGF allocations to Essex County Council, as the Accountable Body for SELEP. In addition, variation agreements will need to be put in place to address any changes in LGF allocation.
- 4.4. If allocations are not available for all projects, the pipeline will be maintained as there are LGF allocations that have been made to other projects on a conditional basis and could be returned in the 2021/22 financial year if conditions aren't met. Those projects in the pipeline will be brought forward for approval as and when allocations become available.

5. Financial Implications (Accountable Body comments)

- 5.1. The full LGF funding allocation of £468.3m (ex DfT retained funding allocations) has been received from Ministry of Housing, Communities, & Local Government (MHCLG) by Essex County Council, as the Accountable Body for SELEP.
- 5.2. In December 2020, SELEP Ltd agreed a new pipeline of LGF projects. Based on the £6.7m unallocated at the time of the meeting in December, 10 projects were identified to receive additional LGF due to the impact of Covid-19 causing cost increases or loss of local funding contributions. These 10 projects have now had the additional LGF allocated at the February 2021 Board meeting.
- 5.3. This report is being presented at this meeting, conditional on additional LGF becoming available for reallocation, as a result of previous agenda items. This will allow consideration by the Board of approval of LGF to up to a further 9 projects in the pipeline to the value of LGF unallocated (as a result of previous agenda items).
- 5.4. 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.
- 5.5. All LGF is transferred to the Project Lead Authorities, under the terms of a Funding Agreement or SLA which makes clear that funding can only be made available when the Accountable Body is in receipt of the funding; whilst all funding in this respect has been received from HM Government, there may be funding that needs to be recovered from Partner Authorities in advance of reallocation.
- 5.6. 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.

- 5.7. Should the Board approve the award of LGF to specific pipeline projects in this report, a deed of variation to the current SLAs will be put in place to include each project LGF allocation.
- 5.8. The transfer of capital funding to each Lead Authority will be subject to the deed of variation being in place.

6. Legal Implications (Accountable Body comments)

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

7. Equality and Diversity Implications

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

8. List of Appendices

- 8.1. Appendix A – Report of the Independent Technical Evaluator
- 8.2. Appendix B – Project Background Information
- 8.3. Appendix C – Project Pipeline

9. List of Background Papers


LGF additional funding awards

- 9.1. Edge Hub Business Case [here](#)
- 9.2. Mercury Theatre Business Case [here](#)
- 9.3. Southend Airport Business Park Business Case [here](#)
- 9.4. Maidstone East Station Access Business Case [here](#)
- 9.5. A127 Essential Maintenance Business Case [here](#)
- 9.6. Parkside 3 Business case [here](#)
- 9.7. A13 Widening Business Case [here](#)

(Any request for background papers listed here should be made to the person named at the top 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) | 24/06/2021 |

Independent Technical Evaluator - Business Case Assessment – Q1 2021/22 Report



Independent Technical Evaluator - Business Case Assessment – Q1 2021/22 Report

Prepared by:

Steer
28-32 Upper Ground
London SE1 9PD

+44 20 7910 5000
www.steergroup.com

Prepared for:

South East Local Enterprise Partnership
c/o Essex County Council
County Hall
Market Road
Chelmsford
Essex
CM1 1QH
Client ref: F1523058
Our ref: 22790509

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Tables

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1 Independent Technical Evaluation of Getting Building Fund, Growing Places Fund and Local Growth Fund Schemes

Overview

- 1.1 Steer was reappointed by the South East Local Enterprise Partnership in April 2021 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 Recommendations are made for funding approval on 2nd July 2021 by the Accountability Board, in line with the South East Local Enterprise Partnership's own governance.

Method

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

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 then 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 May 2021 and June 2021.

Getting Building Fund

High value for money, high/medium certainty

Innovation Park Medway – Sustainable City of Business (£0.8m)

- 1.11 Funding is sought to support delivery of Runway Park, part of the wider Innovation Park Medway site. Runway Park will create a sustainable 'City of Business' and accelerate the delivery of jobs and commercial floorspace. As a result of delivering the Runway Park and subsequent plot development, there is also potential for future funding through re-investment of business rates and rental income generated from the site, and therefore recycled business rate re-investment within the Enterprise Zone. The works will include: Footpath and pavement; Landscape and public realm; Planting; Street furniture; Preparatory ground works.
- 1.12 The strategic case exhibits alignment with the objectives of the Getting Building Fund. The scheme will accelerate the delivery of up to 3,000 high GVA jobs with the Runway Park itself delivering 310 operational jobs. It is also a scheme which will support the Green Recovery, with a public realm incorporating planting and green spaces being developed. The scheme promoter notes that opportunities are being identified to develop units in the enterprise zone suited to changing work environments post Covid-19. This could include 'touchless' facilities and segregated ventilation.
- 1.13 A proportionate and robust economic appraisal of the scheme costs and benefits has been undertaken assessing the GVA increase stimulated by the scheme. This bespoke assessment approach, aligned with Green Book principles, uses assumptions from the former Homes and Communities Agency's The Additionality Guide. This assessment shows the scheme to have a benefit cost ratio of 5.3:1 which falls within a "very high" value for money categorisation. While this approach is not strictly in line with HMT's The Green Book, it is our recommendation that this remains an appropriate appraisal methodology as the scheme's intended outcomes are job creation rather than land value uplift.
- 1.14 Reasonable assumptions have been used to populate the scheme appraisal and a reasonable and robust programme has been provided. It is noted that planning permission has not yet been secured. A Local Development Order has been adopted by both local authorities, providing an easier route through the planning process, however we would recommend that the Accountability Board considers the risk that this poses to certainty of deliverability before deciding whether or not to approve funding for the scheme.

High value for money, low/medium certainty

- 1.15 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 schemes are 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.

Charleston Access Lane (£0.2m)

- 1.16 Funding is sought to widen and resurface the access track to Charleston from its junction with the A27 east of Firle. Charleston is an artists' house and studio museum of international significance in the heart of the South Downs National Park in East Sussex and home to the renowned Charleston Festival.
- 1.17 The strategic case is compelling, demonstrating clear alignment with the objectives of the Getting Building Fund. The scheme will generate growth in repeat visits to Charleston Trust stimulating increased GVA of the local visitor economy. It supports the Green Recovery by

making Charleston more safely accessible by bicycle. The scheme promoter acknowledges that the impact of Covid-19 means that visitor numbers will be affected in the coming year but, growth in UK domestic tourism will boost visitor numbers to Charleston and providing safe access to the site is integral to that.

- 1.18 Identification of the likely economic impacts of the scheme has indicated 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.
- 1.19 To demonstrate deliverability, a programme has been provided which indicates that spend of the Getting Building Fund allocation and implementation of the scheme will be completed before March 2022. 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.

Growing Places Fund

- 1.20 One business case has been assessed for a scheme seeking a Growing Places Fund allocation. Below are our recommendations to the Accountability Board, including key findings from the evaluation process and details of any issues arising.
- 1.21 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**
- 1.22 The following GPF scheme achieves **high value for money** with a **high certainty** of achieving this.
- The Observer Building (£1.6m)*
- 1.23 East Sussex County Council is seeking tranche 2 of a GPF allocation for the redevelopment of the Observer Building which has been empty and increasingly derelict for 35 years, into a highly productive mixed-use building, creating new homes and jobs.
- 1.24 This tranche 2 funding specifically enables full renovation of all four lower floors of the building. It also enables extension of the construction contract beyond March 2022 to achieve the essential works to the whole external shell. This allows an increase in total floorspace from the initially anticipated 1,322 m² of commercial space in separate parts of the building to a renovation of the full 4,000 m² building, including over 2100 m² GIA commercial space. The additional outcomes as a result of the tranche 2 funding include a further:
- £2.1m net Land Value Uplift;
 - £1.4m net Labour Supply Impact;
 - £10m net GVA uplift; and
 - 20 construction jobs.
- 1.25 A proportionate and robust economic appraisal of the overall Observer Building programme of schemes has been undertaken. This incorporates all costs and benefits across the separate funding bids. This has been undertaken assessing the land value uplift in line with Ministry for Homes Communities and Local Government Appraisal Guidance as well as the labour supply impacts with a bespoke assessment approach aligned with Green Book principles. This assessment shows the scheme to have a benefit cost ratio of 2.2:1 which falls within a “high” value for money categorisation.
- 1.26 The assumptions used in the appraisal are reasonable and robust, and a programme has been provided which presents limited risk with regard to deliverability. There is a clear method of repayment ensuring continued contribution to a revolving fund. The scheme, therefore, delivers high levels of certainty for this value for money categorisation.

Table 1.1: Gate 1 & 2 Assessment of Getting Building Fund and Growing Places Fund Approval for Funding for Q1 2021/22

| Scheme Name | Allocation | Benefit to Cost Ratio ('x' to 1) | Strategic Dimension Summary | Economic Dimension Summary | Commercial Dimension Summary | Financial Dimension Summary | Management Dimension Summary | Assurance of Value for Money | | |
|---|------------|----------------------------------|-----------------------------|----------------------------|------------------------------|-----------------------------|------------------------------|---|--|--|
| | | | | | | | | Reasonableness of Analysis | Robustness of Analysis | Uncertainty |
| Getting Building Fund | | | | | | | | | | |
| Innovation Park Medway – Sustainable City of Business | £0.8m | Gate 1: 5.3 | Green | Amber /Green | Green | Green | Amber | A monetised economic appraisal assessing the GVA impacts in line with the former Homes and Communities Agency's The Additionality Guide which is appropriate and proportionate for this scheme. | The analysis has been undertaken using a bespoke approach assessing GVA impacts of the scheme and assumptions have been set out and justified. | A clear programme for delivery has been included which is robust and demonstrates that spend will be complete by March 2022. Planning permission is yet to be secured, though the scheme promoter has provided some assurance that this will be secured. |
| | | Gate 2: 5.3 | Green | Green | Green | Green | Amber | As above. | As above. | As above. |
| Charleston Access Lane | £0.2m | Gate 1: Not derived | Green | Amber | Green | Green | Green | A qualitative approach to assessing value for money of the scheme has been taken. This is proportionate and reasonable. | Commentary has been provided to support the case for the scheme representing high value for money. | Without quantified benefit cost analysis, we cannot guarantee that outturn value for money categorisation will be high. |
| | | Gate 2: N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |

| Independent Technical Evaluation: Business Case Assessment Q1 2022/23 Report Report | | | | | | | | | | |
|---|------------|----------------------------------|-----------------------------|----------------------------|------------------------------|-----------------------------|------------------------------|--|---|---|
| Scheme Name | Allocation | Benefit to Cost Ratio ('x' to 1) | Strategic Dimension Summary | Economic Dimension Summary | Commercial Dimension Summary | Financial Dimension Summary | Management Dimension Summary | Assurance of Value for Money | | |
| | | | | | | | | Reasonableness of Analysis | Robustness of Analysis | Uncertainty |
| Growing Places Fund | | | | | | | | | | |
| Observer Building | £1.6m | Gate 1: 2.2 | Amber | Green | Amber | Amber | Amber | Further detail is required to show the additionality of the tranche 2 funding | The analysis has been undertaken using a bespoke approach aligned with Green Book principles. | There are a number of risks to the project that merit greater consideration in the business case. |
| | | Gate 2: 2.2 | Green | Green | Green | Green | Green | The strategic case has been expanded to show how the Tranche 2 funding delivers additional outcomes. | As above | The risk register has been expanded providing detailed mitigation and management of risks. |

Local Growth Fund Change Requests

- 1.27 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.

Change requests for projects seeking additional LGF if funding becomes available

Kent and Medway Engineering, Design, Growth and Enterprise (EDGE) Hub

- 1.28 Kent County Council is seeking an additional £0.3m to spend on the Kent and Medway Engineering, Design, Growth and Enterprise (EDGE) Hub project. The scope of the project involves investing in a state-of-the-art STEM facility at Canterbury Christ Church University. The hub will be composed of 3,588 square metres of floor space and should create £1.8m of income through research and consultancy by 2024. This additional funding would enable the original scheme benefits to be delivered at a faster pace.

Mercury Rising

- 1.29 Essex County Council is seeking an additional £0.2m to spend on the Mercury Rising Project. The scope of the project remains investing in the Mercury Theatre to create a world class hub for performing arts education, participation, training and skills development in Colchester. This facility will be composed of two auditoria, three rehearsal/workshop spaces, meeting rooms and state of the art technical, production and workshop facilities and will have a secondary role as a community hub.
- 1.30 The original business case as reviewed by Steer in October 2017 was based on a scheme capital cost of £9.0m, including an LGF contribution of £1m. The benefit cost ratio for the original scheme was 3.4:1 representing "high" value for money, with a high level of certainty of delivering that value for money.
- 1.31 Additional investment is being sought due to COVID-19 related delays. These delays have caused significant extra costs. The project was initially due to be completed in August 2020 with a full programme of work happening in September. The project has not only incurred additional delivery costs but has also lost a substantial amount of potential revenue.
- 1.32 The additional funding request of £0.2m is part of an additional £2.3m required, which collectively represents an increase in total scheme cost from £9.0m to £11.3m. Our assessment shows that the scheme still has a benefit cost ratio comfortably in excess of 2:1 and continues to represent "high" value for money with a high certainty of achieving that value.

Southend Airport Business Park

- 1.33 Southend-on-Sea Borough Council is seeking an additional £1.6m to spend on the Southend Airport Business Park Project. The scope of the project remains investing in the development of a green field site located next to Southend Airport. The project aims to deliver 3,715 jobs, 84,148 square metres of commercial floorspace, 2km of newly built roads, 2km of new cycleways, and to reclaim 19 hectares of land.
- 1.34 The original business case as reviewed by Steer in October 2019 was based on a scheme capital cost of £31.1m, including a Local Growth Fund contribution of £23.1million. The benefit cost ratio for the original scheme was 4.3:1 representing "high" value for money, with a high level of certainty of achieving that value for money.
- 1.35 Additional investment is being sought to allow the project to manage the impacts of the pandemic and still allow full realisation of the scheme's benefits.
- 1.36 The additional funding request of £1.6m represents an increase in total scheme cost from £31.1m to £32.7m. Our assessment shows that the benefit cost ratio will remain comfortably above 2:1 and we

are confident that the scheme, with the additional investment, will continue to represent “high” value for money with a high certainty of achieving that value.

Maidstone East Station Access Improvements (West Kent LSTF Project)

- 1.37 Kent County Council is seeking a further £0.2m investment in the Maidstone East Station Access Improvements. The original scope of the project was to invest in station access improvements in a number of locations. The project was composed of 5 discrete elements that collectively address the growing connectivity problems caused by traffic congestion hotspots and a lack of capacity across the road and rail network.
- 1.38 The original business case as reviewed by Steer in October 2018 was based on a scheme capital cost of £9.1m, with a benefit cost ratio of 8.2:1. This represented “very high” value for money.
- 1.39 The project is seeking further investment due to COVID-19 related delays during the construction phases of one of the 5 sub-projects which were a result of the need to change working practices to comply with new COVID government guidance.
- 1.40 The project will proceed without further Local Growth Fund funding, however it would place undue pressure on other Network Rail projects across the area, indirectly removing their potential benefits.
- 1.41 The new investment represents an increase in costs from £9.1m to £9.3m. The impact on the benefit cost ratio is therefore marginal, and we are confident that the scheme, with the additional investment, will continue to represent “very high” value for money with a high certainty of achieving that value.

A127 Essential Major Maintenance

- 1.42 Southend-on-Sea Borough Council is seeking an additional £0.4m to spend on the A127 Essential Major Maintenance project. The scope of the project remains improving the condition and quality of the A127 from the Borough boundary to Victoria Gateway, including strengthening the carriageway, repairing concrete slabs, resurfacing, repairing defective drains, repairing safety barriers and lighting columns.
- 1.43 The original business case as reviewed by Steer in September 2018 was based on a scheme capital cost of £11.8m, with a benefit cost ratio of 17.9:1 representing “very high” value for money, with a high level of certainty for delivering that value for money.
- 1.44 The project is in the delivery phase. Main construction began in September 2020 and can continue without the additional funds, however not all of the benefits of the scheme will be realised without the further investment. Given the fact that the project is underway and remains on schedule to complete in Summer 2021, we are confident that the scheme, with the additional investment, will continue to represent “very high” value for money with a high certainty of achieving that value.

Parkside Phase 3

- 1.45 Essex County Council is seeking an additional £1.7m to spend on the Parkside Phase 3 project. The scope of the project involves an extension of the Parkside Office Village and expands on the successful Parkside Phase 1 and the ongoing Parkside Phase 2, a series of developments aimed at providing units of modern office space. Phase 3 will see the development of a single four-storey building with a total area of 4,772 square metres.
- 1.46 The original business case as reviewed by Steer in May 2019 was based on a scheme capital cost of £10.5m, including an LGF contribution of £5m. The benefit cost ratio for the original scheme was 11.2:1 representing “very high” value for money, with a high level of certainty for delivering that value for money.
- 1.47 Additional investment is being sought from the Local Growth Fund due to a deferral to construction caused by the COVID-19 Pandemic. In response to the pandemic, the university deferred all major capital projects that weren’t already under construction or essential to current continuity. Additional

LGF funding will cover increased contractor cost and risk being factored into the design costs that will allow Phase 3 to adapt to changes in market conditions following the COVID crisis.

- 1.48 The additional funding request of £1.7m from the Local Growth Fund increases the total cost of the from £10.5m to £12.2m. Our assessment shows that the BCR will remain in excess of 2:1 therefore we are confident that the scheme, with the additional LGF investment, will continue to represent “high” value for money with a high certainty of achieving that value.

A13 Widening

- 1.49 Thurrock Council is seeking an additional the £1m to spend on the A13 Widening Scheme Project. This is the second tranche of a Local Growth Fund bid totalling £2.5m. The scope of the project remains 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.
- 1.50 The original business case as reviewed by Steer in June 2020 was based on a scheme capital cost of £114.7m, with a benefit cost ratio of 2.1:1 representing “high” value for money, with a medium level of certainty for delivering that value for money.
- 1.51 Additional funding has been sought due to the impact of COVID-19, which has meant the Council has come under substantial financial pressures leading to a funding gap due to cost increases. It is noted that a number of other funding sources are contributing to bridging the gap as well as additional funding from the Local Growth Fund.
- 1.52 A revised economic assessment has been provided alongside the bid for increased funding. With the increase in costs the scheme has a BCR of 1.7:1 in the core scenario. This falls within the “medium” value for money category. An additional scenario which considers the benefits of the scheme with the impacts of Lower Thames Crossing included has also been presented. In this scenario the scheme has a benefit cost ratio of 2.5:1 which falls within the “high” value for money category. Though Highways England are committed to delivery of the Lower Thames Crossing, we would ask the Accountability Board to consider the fact that the A13 Widening scheme on its own does not represent high value for money when deciding whether to approve the additional funding.

Control Information

Prepared by

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

Prepared for

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

Steer project/proposal number

22790509

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F1523058

Author/originator

JME

Reviewer/approver

ETC/SGB

Other contributors

Scheme assessors

Distribution

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V0.2 Draft for Client

Date

10 June 2021
11 June 2021

Appendix B1 – Local Growth Fund Project Background Information

| | |
|---|--|
| Name of Project | Kent and Medway Engineering, Design, Growth and Enterprise (EDGE) Hub Canterbury Christ Church University Kent County Council |
| Description of what Project delivers | <p>The Project is delivering a new 3,588m² facility in Canterbury, with satellite facilities at Discovery Park, Kent Science Park and Medway Campus, to support high value employment, growth and investment in Engineering and Technology businesses.</p> <p>The Project will:</p> <ul style="list-style-type: none"> • significantly broaden Canterbury Christ Church University's Higher Education offer by adding a new suite of Technical and Professional Education opportunities (Higher and Degree Apprenticeships, Foundation Degrees, Undergraduate Degrees, Masters and Doctoral programmes) in Engineering, Product Design and Technology. • create a new Engineering and Technology Innovation Service that will work with small businesses, larger companies, inventors and entrepreneurs to take innovations from prototype to commercialisation. • support companies with business-focused PhD, Masters, Undergraduate and commercial research projects using state-of-the-art facilities; and • offer new business-focused short courses and CPD opportunities, meeting the needs of small and larger companies. <p>The EDGE Hub will act as a catalyst for developing an enhanced local and regional strategic approach to inspiring and enabling an expansive sustainable education pipeline, supporting new learning and career pathways in Engineering and Technology. It will build on and interface with other regional STEM educational ambitions which have the potential to engage young people in employer-led scientific research embedded in their learning experiences.</p> |
| Case for additional LGF funding | <p>Additional LGF funding is required due to a number of factors:</p> <ul style="list-style-type: none"> • Impact of COVID-19 on construction - due to site shutdown during lockdown and subsequent required changes to working practices, completion of the EDGE Hub has been delayed by 5 months resulting in increased project management costs; • Changes to Health and Safety Regulations - changes to Health and Safety standards associated with ventilation have resulted in the need to design and implement enhanced ventilation systems; • Design changes - a number of required design changes have been identified as a consequence of planning control (e.g. roof top screening) and actual costs in excess of the original estimates (e.g. |

| | | | | | | | |
|---|---|--------------|--------------|--------------|--------------|--------------|---------------|
| | Local Growth Fund (earlier funding award) | 1.120 | 2.500 | 2.500 | | 0.901 | 7.021 |
| | Local Growth Fund (this report) | | | | | 0.323 | 0.323 |
| | Office for Students | - | 3.000 | 2.500 | 1.000 | - | 6.500 |
| | Canterbury Christ Church University | 1.610 | 0.970 | 0.200 | 0.200 | 0.300 | 3.280 |
| | Equipment in kind | - | 0.100 | 0.200 | 0.200 | 0.200 | 0.700 |
| | Borrowing | - | 2.000 | 0.780 | 1.000 | 0.500 | 4.280 |
| | Total | 2.730 | 8.570 | 6.180 | 2.400 | 2.224 | 22.104 |
| Risks to project delivery | <p>The main risks impacting the ability of the project to proceed are:</p> <ul style="list-style-type: none"> Potential COVID-19 impacts on the supply chain may delay the fit out of the building (for example, specialist fit out teams having to self-isolate). Mitigation measures in place including strict appropriate COVID-19 working conditions. The increased demand for integrating online and immersive virtual services, as well as the rapid rate of change and adoption of new technologies within engineering and technology, puts the project at risk of not being able to meet the needs of the emerging 'new normal', without additional investment. <p>Subject to Board approval of the additional LGF allocation, there are no remaining barriers to Project delivery. The funding will be used to ensure the provision of additional equipment to be provided within the hub.</p> | | | | | | |
| Outcome of ITE Review | <p>The project has been assessed as offering High value for money with a High certainty of achieving this.</p> <p>For additional information, please refer to the Report of the Independent Technical Evaluator (Appendix A).</p> | | | | | | |
| Evidenced compliance with Assurance Framework? | Yes, the project does meet the requirements of the SELEP Assurance Framework. | | | | | | |
| Link to Project webpage, application for additional LGF funding and Strategic Board decision | <p>Project page: https://www.southeastlep.com/project/kent-and-medway-engineering-and-design-growth-and-enterprise-edge-hub/</p> <p>Application for additional LGF funding: https://www.southeastlep.com/app/uploads/2020/10/Kent-and-Medway-EDGE-Hub-LGF.pdf</p> <p>Strategic Board decision to prioritise project for receipt of additional LGF funding: https://www.southeastlep.com/app/uploads/2019/11/Strategic-Board-Dec-2020-Draft-Minutes.pdf</p> | | | | | | |

Appendix B2 – Local Growth Fund Project Background Information

| | |
|---|--|
| Name of Project | Mercury Theatre, Colchester Essex County Council |
| Description of what Project delivers | <p>The principal objectives of the scheme are to:</p> <ul style="list-style-type: none"> • Create world class facilities for artists and audience alike improving the audience experience thereby increasing future capacity and attracting more visitors; • Provide a new hub housing 15 new local creative businesses; • Improve rehearsal and production facilities to support high quality productions locally, regionally, and nationally; • Increase the contribution to the regional creative economy including skills development, business support for SME's in the sector and networking opportunities; • Improve access for disabled people and other marginalised communities; • Improve the public realm; • Improve business sustainability; • Open up new routes for digital presentation and creation; • Create a safe and welcoming environment for Mercury staff and users; • Support the visitor economy and placemaking for Colchester and North Essex. <p>The Mercury Rising Project meets the Growth Deal aims of creating jobs, providing 52.3 gross additional direct FTE jobs in the economy, while realising the core objective of providing a greater cultural experience in a redeveloped building to anchor the creative economy in Essex and the SELEP economies. The project meets the objectives of the strategic plan for Colchester and will become a key asset for the town as it seeks to recover from the COVID-19 pandemic.</p> <p>44 new employment opportunities per annum (34 direct and 10 new hosted creative businesses).</p> |
| Case for additional LGF funding | <p>As with most capital projects in 2020, COVID-19 has delayed delivery and has resulted in significant extra costs being incurred. This has caused delays to the project, originally completion was expected in August 2020 with the theatre opening to the public in September 2020.</p> <p>Some additional funding has been made available by other funding organisations, but there remains a gap due to:</p> <ul style="list-style-type: none"> • Additional contractor fees; • Additional fees in relation to design and consultant teams; • Increased costs of materials and storage; |

| | <ul style="list-style-type: none">• Unforeseen fire safety standard changes resulting in increased costs. <p>The additional LGF would allow the project to reinstate items of equipment, including: Upgraded IT equipment, upgraded digital equipment to future proof the theatre and electrical equipment to support travelling touring teams.</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|-------------------------------------|---|-------------------------------------|----------------|----------------|----------------|----------------|--|--|-----------------|---------------|---------|---------|---------|---------|-------|-------------------|--|---------|--|--|--|---------|----------------------------|--|---------|---------|--|--|---------|----------------------|---------|---------|--|--|--|---------|----------------------|---------|---------|---------|--|--|---------|---------------------|---------|---------|---------|--|--|---------|--------------|----------------|----------------|----------------|----------------|----------------|----------------|------------------------------------|--|--|--|--|--|--|-----------------|---------------|---------|---------|---------|---------|-------|-------------------------|--|--|---------|--|--|---------|----------------|--|--|--|---------|--|---------|----------------------------|--|--|--|--|--|---------|
| Project benefits | <p>The overall benefits of the entire project are:</p> <ul style="list-style-type: none">• Increase visitor numbers to the local area;• Create a sustainable and fully accessible state of the art theatre that engages with the local community through ongoing and increased community engagement projects and is a model of best practise for community cohesion;• Increase arts participation through increased capacity for schools and youth involvement;• Provide a modern state of the art backdrop to continue professional level training, work experience and apprenticeships in all aspects of theatre and the creative industries;• House start up creative businesses and entrepreneurs at various stages of their career and increase local employment and skills. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Financial Information | <p>Original LGF allocation: £1.00m</p> <p>The total capital cost of the Project is £11.323m.</p> <p>Project spend profile:</p> <table><tr><th colspan="7">Original project spend profile (£m)</th></tr><tr><th>Funding sources</th><th>Up to 2017/18</th><th>2018/19</th><th>2019/20</th><th>2020/21</th><th>2021/22</th><th>Total</th></tr><tr><td>Local Growth Fund</td><td></td><td>1.00000</td><td></td><td></td><td></td><td>1.00000</td></tr><tr><td>Colchester Borough Council</td><td></td><td>0.50000</td><td>0.50000</td><td></td><td></td><td>1.00000</td></tr><tr><td>Essex County Council</td><td>0.50000</td><td>0.50000</td><td></td><td></td><td></td><td>1.00000</td></tr><tr><td>Arts Council England</td><td>0.47873</td><td>2.00000</td><td>1.52127</td><td></td><td></td><td>4.00000</td></tr><tr><td>Mercury Fundraising</td><td>0.04720</td><td>0.15025</td><td>1.79152</td><td></td><td></td><td>1.98897</td></tr><tr><td>Total</td><td>1.02593</td><td>4.15025</td><td>3.81279</td><td>0.00000</td><td>0.00000</td><td>8.98897</td></tr></table> <table><tr><th colspan="7">Revised project spend profile (£m)</th></tr><tr><th>Funding sources</th><th>Up to 2017/18</th><th>2018/19</th><th>2019/20</th><th>2020/21</th><th>2021/22</th><th>Total</th></tr><tr><td>Local Growth Fund (LGF)</td><td></td><td></td><td>1.00000</td><td></td><td></td><td>1.00000</td></tr><tr><td>Additional LGF</td><td></td><td></td><td></td><td>0.22800</td><td></td><td>0.22800</td></tr><tr><td>Colchester Borough Council</td><td></td><td></td><td></td><td></td><td></td><td>1.19500</td></tr></table> | Original project spend profile (£m) | | | | | | | Funding sources | Up to 2017/18 | 2018/19 | 2019/20 | 2020/21 | 2021/22 | Total | Local Growth Fund | | 1.00000 | | | | 1.00000 | Colchester Borough Council | | 0.50000 | 0.50000 | | | 1.00000 | Essex County Council | 0.50000 | 0.50000 | | | | 1.00000 | Arts Council England | 0.47873 | 2.00000 | 1.52127 | | | 4.00000 | Mercury Fundraising | 0.04720 | 0.15025 | 1.79152 | | | 1.98897 | Total | 1.02593 | 4.15025 | 3.81279 | 0.00000 | 0.00000 | 8.98897 | Revised project spend profile (£m) | | | | | | | Funding sources | Up to 2017/18 | 2018/19 | 2019/20 | 2020/21 | 2021/22 | Total | Local Growth Fund (LGF) | | | 1.00000 | | | 1.00000 | Additional LGF | | | | 0.22800 | | 0.22800 | Colchester Borough Council | | | | | | 1.19500 |
| Original project spend profile (£m) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Funding sources | Up to 2017/18 | 2018/19 | 2019/20 | 2020/21 | 2021/22 | Total | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Local Growth Fund | | 1.00000 | | | | 1.00000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Colchester Borough Council | | 0.50000 | 0.50000 | | | 1.00000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Essex County Council | 0.50000 | 0.50000 | | | | 1.00000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Arts Council England | 0.47873 | 2.00000 | 1.52127 | | | 4.00000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Mercury Fundraising | 0.04720 | 0.15025 | 1.79152 | | | 1.98897 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total | 1.02593 | 4.15025 | 3.81279 | 0.00000 | 0.00000 | 8.98897 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Revised project spend profile (£m) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Funding sources | Up to 2017/18 | 2018/19 | 2019/20 | 2020/21 | 2021/22 | Total | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Local Growth Fund (LGF) | | | 1.00000 | | | 1.00000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Additional LGF | | | | 0.22800 | | 0.22800 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Colchester Borough Council | | | | | | 1.19500 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| | | | | | | | |
|---|---|----------------|----------------|----------------|----------------|----------------|-----------------|
| | Essex County Council | | | 1.00000 | | | 1.00000 |
| | Arts Council England | 0.47873 | | | 3.16910 | 0.35217 | 4.00000 |
| | Mercury Fundraising | 0.04813 | 0.07827 | 0.47826 | 0.54110 | 0.12220 | 1.26796 |
| | Sport England | | | | 0.04000 | | 0.04000 |
| | National Endowment for Science, Technology and the Arts (NESTA) | | | | 0.40000 | | 0.40000 |
| | Town Deal | | | | 0.35000 | | 0.35000 |
| | Arts Council Treasury Kick Start | | | | 0.86409 | | 0.86409 |
| | European Regional Development Fund (ERDF) | | | | 0.97800 | | 0.97800 |
| | Total | 0.52686 | 1.27327 | 2.47826 | 6.57029 | 0.47437 | 11.32305 |
| Risks to project delivery | The Project is 90% complete, there are no further barriers to completion. | | | | | | |
| Outcome of ITE Review | The scheme continues to offer High value for money with a High certainty of achieving this. Further information can be found in the Report of the Independent Technical Evaluator (Appendix A) | | | | | | |
| Evidenced compliance with Assurance Framework? | Yes, the project meets the requirements of the SELEP Assurance Framework. | | | | | | |
| Link to Project webpage, application for additional LGF funding and Strategic Board decision | <p>Project page: https://www.southeastlep.com/mercury-rising-theatre-colchester/</p> <p>Application for additional LGF funding: https://www.southeastlep.com/app/uploads/2020/10/Mercury-Theatre-application-for-additonal-LGF.pdf</p> <p>Strategic Board decision to prioritise project for receipt of additional LGF funding: https://www.southeastlep.com/app/uploads/2019/11/Strategic-Board-Dec-2020-Draft-Minutes.pdf</p> | | | | | | |

Appendix B3 – Local Growth Fund Project Background Information

| | |
|---|--|
| Name of Project | <p>Southend Airport Business Park</p> <p>Southend-on-Sea Borough Council</p> |
| Description of what Project delivers | <p>The project delivers a business park which will support the continued growth of the London Southend Airport and its associated activities as a key economic asset and addressing the current lack of availability of high quality employment land and premises in the area.</p> <p>Phase 1 – Delivered the infrastructure work including provision of both off-site and on-site infrastructure requirements and a new rugby club house and pitches (including parking and access road). Moving the rugby club freed the site for development;</p> <p>Phase 2 - Development of the Airport Business Park. The second phase includes construction of an Innovation Centre (The Launchpad), internal road construction, cycleway infrastructure, ground preparation and provision of site utilities.</p> |
| Case for additional LGF funding | <p>Application A - £600,000. To allow for virus resilience measures to be incorporated into the building of the Launchpad Innovation Centre. This will allow accreditation to be included in the marketing of the centre ensuring that the project benefits are realised.</p> <p>Application B - £500,000. The fundamentals of the project remain as relevant in today's COVID climate as they were at the time of the initial LGF 2018 award. Greater knowledge of on plot costs related to ground conditions and site levels are impacting development viability (and severely restricting offices). The fallback position is Southend Borough Council investment via reduction in land values.</p> <p>Application C - £500,000 - Although the site remained open during the Q1 2020 national lockdown, the impact of COVID-19 was felt throughout the enabling contractor's supply chain leading to delays and associated increased costs. The most visible onsite illustration of this is a borrow pit from which soil was removed for foundations of both the enabling works and the key Ipeco Holdings (commercial and military crew seating manufacturer) transaction, still awaiting soil imports from regional donor sites which have been closed due to the COVID-19 pandemic.</p> |
| Project benefits | <p>The overall benefits of the entire project are:</p> <ul style="list-style-type: none"> (1) Phase 2 infrastructure works enabled; (2) 3,669sqm (GIA) Innovation Centre delivered; (3) 63,000sqm of new commercial floorspace as part of Phase 2 of project; (4) 2,600 new jobs as a result of project. |
| Financial Information | <p>Original LGF allocation: £23.09m</p> |

Additional LGF funding requested: Part A - **£0.600m**, Part B - **£0.500m**, Part C - **£0.500m**. Total £1.6m. The Board are asked to consider the award of Parts A, B or C dependent on the level of funding that may become available.

The total capital cost of the Project is **£32.670m**.

Project spend profile:

| Original project spend profile (£m) | | | | | | |
|-------------------------------------|---------------|--------------|---------------|--------------|--------------|---------------|
| Funding sources | Up to 2017/18 | 2018/19 | 2019/20 | 2020/21 | 2021/22 | Total |
| Local Growth Fund (LGF) | 4.442 | 4.471 | 11.642 | 2.535 | - | 23.090 |
| Southend-on-Sea BC | 0.957 | 0.116 | 0.116 | 4.751 | 2.040 | 7.980 |
| Total | 5.399 | 4.587 | 11.758 | 7.286 | 2.040 | 31.070 |

| Revised project spend profile (£m) | | | | | | |
|------------------------------------|---------------|--------------|---------------|--------------|--------------|---------------|
| Funding sources | Up to 2017/18 | 2018/19 | 2019/20 | 2020/21 | 2021/22 | Total |
| Local Growth Fund (LGF) | 4.442 | 4.127 | 10.234 | 4.287 | | 23.090 |
| Additional LGF | | | | 0.400 | 1.200 | 1.600* |
| Southend-on-Sea BC | 0.957 | 0.103 | | | 6.920 | 7.980 |
| Total | 5.399 | 4.230 | 10.234 | 4.687 | 8.120 | 32.670 |

* Assumes that Part A, B and C of the additional LGF funding requested will be contributed by Southend-on-Sea Borough Council if the additional LGF funding is not awarded.

Risks to project delivery

The residual risk of the fully enabled site, after the successful relocation of Westcliff Rugby Club made possible by the original LGF award, is development viability at plot level mainly as a consequence of (i) ground conditions and (ii) site plot levels.

Outcome of ITE Review

The project continues to represent High value for money with a High certainty of achieving this. Further information can be found in the Report of the Independent Technical Evaluator (Appendix A)

Evidenced compliance with Assurance Framework?

Yes, the project does meet the requirements of the SELEP Assurance Framework.

Link to Project webpage, application for additional LGF

Project page:
<https://www.southeastlepp.com/project/london-southend-airport-business-park/>
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| funding and Strategic Board decision | <p>Application for additional LGF funding: https://www.southeastlepp.com/app/uploads/2020/10/Southend-Airport-Business-Park-additional-LGF-application.pdf</p> <p>Strategic Board decision to prioritise project for receipt of additional LGF funding: https://www.southeastlepp.com/app/uploads/2019/11/Strategic-Board-Dec-2020-Draft-Minutes.pdf</p> |
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Appendix B4 – Local Growth Fund Project Background Information

| Name of Project | Maidstone East Station Access Improvements (West Kent LSTF) Kent County Council | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|--|--------------|--------------|--------------|--------------|--------------|--|-------------------------------------|--|--|--|--|--|--|-----------------|---------------|---------|---------|---------|---------|-------|-------------------|-------|-------|-------|-------|--|--------------|----------------|-------|-------|-------|-------|--|--------------|---------------------|-------|-------|--|--|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|------------------------------------|--|--|--|--|--|--|-----------------|---------------|---------|---------|---------|---------|-------|-------------------------|-------|-------|-------|-------|--|--------------|----------------|--|--|--|-------|--|--------------|----------------|-------|-------|-------|-------|--|--------------|---------------------|-------|--|--|-------|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Description of what Project delivers | The project includes the refurbishment and extension of the station building to provide level access and additional booking hall space to cater for future growth, as well as a new tenancy and large public realm area fronting the station with clear pedestrian links to the town centre and additional cycle storage. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Case for additional LGF funding | Further LGF funding is sought as a result of additional costs incurred due to COVID-19 related delays during the construction phase of the Maidstone East Station Improvements project. These costs increases were a result of the requirement to comply with the 'Build UK' government guidance relating to construction works continuing during the COVID-19 pandemic. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Project benefits | The immediate benefit from the scheme will be the provision of a range of integrated smarter choice measures which will facilitate a substantial increase in the use of sustainable transport modes for journeys, in full or in part, to work or education, especially in the peak period. This will result in a variety of benefits including reduction in traffic noise, improvements to air quality, health benefits associated with increased physical activity and improved journey quality. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Financial Information | <p>Original LGF allocation: £1.246m</p> <p>Additional LGF funding requested: £0.153m</p> <p>The total capital cost of the Project is £9.288m</p> <p>Project Spend Profile</p> <table><tr><th colspan="7">Original project spend profile (£m)</th></tr><tr><th>Funding sources</th><th>Up to 2017/18</th><th>2018/19</th><th>2019/20</th><th>2020/21</th><th>2021/22</th><th>Total</th></tr><tr><td>Local Growth Fund</td><td>3.100</td><td>0.500</td><td>0.700</td><td>0.600</td><td></td><td>4.900</td></tr><tr><td>Private Sector</td><td>2.985</td><td>0.100</td><td>0.340</td><td>0.340</td><td></td><td>3.765</td></tr><tr><td>Kent County Council</td><td>0.120</td><td>0.350</td><td></td><td></td><td></td><td>0.470</td></tr><tr><td>Total</td><td>6.205</td><td>0.950</td><td>1.040</td><td>0.940</td><td>0.000</td><td>9.135</td></tr></table> <table><tr><th colspan="7">Revised project spend profile (£m)</th></tr><tr><th>Funding sources</th><th>Up to 2017/18</th><th>2018/19</th><th>2019/20</th><th>2020/21</th><th>2021/22</th><th>Total</th></tr><tr><td>Local Growth Fund (LGF)</td><td>2.441</td><td>1.388</td><td>0.196</td><td>0.875</td><td></td><td>4.900</td></tr><tr><td>Additional LGF</td><td></td><td></td><td></td><td>0.153</td><td></td><td>0.153</td></tr><tr><td>Private Sector</td><td>2.985</td><td>0.100</td><td>0.340</td><td>0.340</td><td></td><td>3.765</td></tr><tr><td>Kent County Council</td><td>0.170</td><td></td><td></td><td>0.300</td><td></td><td>0.470</td></tr><tr><td>Total</td><td>5.596</td><td>1.488</td><td>0.536</td><td>1.668</td><td>0.000</td><td>9.288</td></tr></table> | | | | | | | Original project spend profile (£m) | | | | | | | Funding sources | Up to 2017/18 | 2018/19 | 2019/20 | 2020/21 | 2021/22 | Total | Local Growth Fund | 3.100 | 0.500 | 0.700 | 0.600 | | 4.900 | Private Sector | 2.985 | 0.100 | 0.340 | 0.340 | | 3.765 | Kent County Council | 0.120 | 0.350 | | | | 0.470 | Total | 6.205 | 0.950 | 1.040 | 0.940 | 0.000 | 9.135 | Revised project spend profile (£m) | | | | | | | Funding sources | Up to 2017/18 | 2018/19 | 2019/20 | 2020/21 | 2021/22 | Total | Local Growth Fund (LGF) | 2.441 | 1.388 | 0.196 | 0.875 | | 4.900 | Additional LGF | | | | 0.153 | | 0.153 | Private Sector | 2.985 | 0.100 | 0.340 | 0.340 | | 3.765 | Kent County Council | 0.170 | | | 0.300 | | 0.470 | Total | 5.596 | 1.488 | 0.536 | 1.668 | 0.000 | 9.288 |
| Original project spend profile (£m) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Funding sources | Up to 2017/18 | 2018/19 | 2019/20 | 2020/21 | 2021/22 | Total | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Local Growth Fund | 3.100 | 0.500 | 0.700 | 0.600 | | 4.900 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Private Sector | 2.985 | 0.100 | 0.340 | 0.340 | | 3.765 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Kent County Council | 0.120 | 0.350 | | | | 0.470 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total | 6.205 | 0.950 | 1.040 | 0.940 | 0.000 | 9.135 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Revised project spend profile (£m) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Funding sources | Up to 2017/18 | 2018/19 | 2019/20 | 2020/21 | 2021/22 | Total | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Local Growth Fund (LGF) | 2.441 | 1.388 | 0.196 | 0.875 | | 4.900 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Additional LGF | | | | 0.153 | | 0.153 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Private Sector | 2.985 | 0.100 | 0.340 | 0.340 | | 3.765 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Kent County Council | 0.170 | | | 0.300 | | 0.470 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total | 5.596 | 1.488 | 0.536 | 1.668 | 0.000 | 9.288 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

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| | |
| Risks to project delivery | Proceeding without additional funding will contravene corporate investment regulations as costs will be incurred without investment authority. This will mean purchase orders could not be raised, suppliers and contractors could not be paid and work will stop. |
| Outcome of ITE Review | The increase in funding has a marginal effect on the BCR and as such the project continues to offer High Value for money with a High certainty of achieving this. Further information can be found in the Report of the Independent Technical Evaluator (Appendix A). |
| Evidenced compliance with Assurance Framework? | Yes, the project meets the requirements of the SELEP Assurance Framework. |
| Link to Project webpage, application for additional LGF funding and Strategic Board decision | <p>Project page: https://www.southeastlepp.com/project/west-kent-local-sustainable-transport-fund-lstf/</p> <p>Strategic Board decision to prioritise project for receipt of additional LGF funding: https://www.southeastlepp.com/app/uploads/2019/11/Strategic-Board-Dec-2020-Draft-Minutes.pdf</p> |

Appendix B5 – Local Growth Fund Project Background Information

| Name of Project | A127 Essential Major Maintenance and The Bell Junction Improvement Southend-on-Sea Borough Council | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--------------------------------------|--|--------------|--------------|--------------|---------|---------------|--|-------------------------------------|--|--|--|--|--|--|-----------------|---------|---------|---------|---------|---------|-------|-------------------|---|-------|-------|-------|---|---------------|--------------------|-------|---|---|-------|---|--------------|--------------------|---|---|-------|---|---|--------------|--------------|--------------|--------------|--------------|--------------|---|---------------|------------------------------------|--|--|--|--|--|--|-----------------|---------|---------|---------|---------|---------|-------|-------------------|---|-------|-------|-------|-------|---------------|--------------------|-------|---|---|---|--------|--------------|--------------------|---|---|---|-------|---|--------------|
| Description of what Project delivers | The A127 Essential Major Maintenance element of the project seeks to improve the condition and quality of the A127 from the borough boundary to Victoria Gateway in a cost-effective manner, addressing the results of years of underinvestment in highway infrastructure. The works involve strengthening the carriageway by filling voids below the concrete carriageway slabs, repairing concrete slabs and resurfacing to original levels. The works also involve repairing defective road drainage, safety barrier repairs and replacing defective lighting columns. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Case for additional LGF funding | Additional investment is being sought for additional costs due to COVID-19 and also to support an increase in costs as works to fill voids below concrete carriageway slabs are more than was anticipated. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Project benefits | The project will address the significant reliability and resilience issues along the A127 and will support the overall programme of investment in the A127 corridor supporting the delivery of growth for Southend and the airport business park. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Financial Information | Original LGF allocation: £10.9m Additional LGF funding requested: Part A - £0.207m (agreed in February 2021), Part B - £0.393m , Total £0.6m. The Board are asked to consider the award of Part B only at this time. The total capital cost of the Project is £12.282m . Project spend profile: <table><tr><th colspan="7">Original project spend profile (£m)</th></tr><tr><th>Funding sources</th><th>2017/18</th><th>2018/19</th><th>2019/20</th><th>2020/21</th><th>2021/22</th><th>Total</th></tr><tr><td>Local Growth Fund</td><td>-</td><td>1.230</td><td>3.820</td><td>5.850</td><td>-</td><td>10.900</td></tr><tr><td>Southend-on-Sea BC</td><td>0.190</td><td>-</td><td>-</td><td>0.529</td><td>-</td><td>0.719</td></tr><tr><td>S106 contributions</td><td>-</td><td>-</td><td>0.063</td><td>-</td><td>-</td><td>0.063</td></tr><tr><td>Total</td><td>0.190</td><td>1.230</td><td>3.883</td><td>6.379</td><td>-</td><td>11.682</td></tr><tr><th colspan="7">Revised project spend profile (£m)</th></tr><tr><th>Funding sources</th><th>2017/18</th><th>2018/19</th><th>2019/20</th><th>2020/21</th><th>2021/22</th><th>Total</th></tr><tr><td>Local Growth Fund</td><td>-</td><td>0.396</td><td>1.123</td><td>2.983</td><td>6.605</td><td>11.107</td></tr><tr><td>Southend-on-Sea BC</td><td>0.190</td><td>-</td><td>-</td><td>-</td><td>0.922*</td><td>1.112</td></tr><tr><td>S106 contributions</td><td>-</td><td>-</td><td>-</td><td>0.063</td><td>-</td><td>0.063</td></tr></table> | | | | | | | Original project spend profile (£m) | | | | | | | Funding sources | 2017/18 | 2018/19 | 2019/20 | 2020/21 | 2021/22 | Total | Local Growth Fund | - | 1.230 | 3.820 | 5.850 | - | 10.900 | Southend-on-Sea BC | 0.190 | - | - | 0.529 | - | 0.719 | S106 contributions | - | - | 0.063 | - | - | 0.063 | Total | 0.190 | 1.230 | 3.883 | 6.379 | - | 11.682 | Revised project spend profile (£m) | | | | | | | Funding sources | 2017/18 | 2018/19 | 2019/20 | 2020/21 | 2021/22 | Total | Local Growth Fund | - | 0.396 | 1.123 | 2.983 | 6.605 | 11.107 | Southend-on-Sea BC | 0.190 | - | - | - | 0.922* | 1.112 | S106 contributions | - | - | - | 0.063 | - | 0.063 |
| Original project spend profile (£m) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Funding sources | 2017/18 | 2018/19 | 2019/20 | 2020/21 | 2021/22 | Total | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Local Growth Fund | - | 1.230 | 3.820 | 5.850 | - | 10.900 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Southend-on-Sea BC | 0.190 | - | - | 0.529 | - | 0.719 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| S106 contributions | - | - | 0.063 | - | - | 0.063 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total | 0.190 | 1.230 | 3.883 | 6.379 | - | 11.682 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Revised project spend profile (£m) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Funding sources | 2017/18 | 2018/19 | 2019/20 | 2020/21 | 2021/22 | Total | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Local Growth Fund | - | 0.396 | 1.123 | 2.983 | 6.605 | 11.107 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Southend-on-Sea BC | 0.190 | - | - | - | 0.922* | 1.112 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| S106 contributions | - | - | - | 0.063 | - | 0.063 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

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|---|--|--------------|--------------|--------------|--------------|---------------|--------------|---------------|
| | <table><tr><td>Total</td><td>0.190</td><td>0.396</td><td>1.123</td><td>3.046</td><td>7.527</td><td>12.282</td></tr></table> <p>* Assumes that Part B of the additional LGF funding requested will be contributed by Southend-on-Sea Borough Council if the additional LGF funding is not awarded.</p> | Total | 0.190 | 0.396 | 1.123 | 3.046 | 7.527 | 12.282 |
| Total | 0.190 | 0.396 | 1.123 | 3.046 | 7.527 | 12.282 | | |
| Risks to project delivery | Main construction commenced on 1 September 2020 and the project is due to complete in Summer 2021 and therefore there are no risks to project delivery. | | | | | | | |
| Outcome of ITE Review | <p>The project has been assessed as offering High value for money with a High certainty of achieving this.</p> <p>For additional information, please refer to the Report of the Independent Technical Evaluator (Appendix A).</p> | | | | | | | |
| Evidenced compliance with Assurance Framework? | Yes, the project does meet the requirements of the SELEP Assurance Framework. | | | | | | | |
| Link to Project webpage, application for additional LGF funding and Strategic Board decision | <p>Project page: https://www.southeastlep.com/project/a127-essential-bridge-and-highway-maintenance-southend/</p> <p>Application for additional LGF funding: https://www.southeastlep.com/app/uploads/2019/09/A127-Essential-Maintenance-Phase-A-Application-for-additional-LGF.pdf</p> <p>Strategic Board decision to prioritise project for receipt of additional LGF funding: https://www.southeastlep.com/app/uploads/2019/11/Strategic-Board-Dec-2020-Draft-Minutes.pdf</p> | | | | | | | |

Appendix B6 – Local Growth Fund Project Background Information

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| Name of Project | <p>University of Essex Parkside Phase 3</p> <p>Essex County Council</p> |
| Description of what Project delivers | <p>Provision of an extension to the Parkside Office Village, in order to provide further accommodation for growing businesses. This phase of the project will enable larger businesses to come to the site for the first time, driving growth in the wider economy.</p> |
| Case for additional LGF funding | <p>As part of the University's cash conservation strategy required to manage the impact of COVID-19, all major capital projects have had to be deferred apart from those projects already under construction, projects to provide dual mode delivery of the University's curriculum or those necessary to assure the University's business continuity. Parkside Phase 3 has been deferred.</p> <p>Parkside Phase 3 remains a key component of the vision for Knowledge Gateway development and one to which the University remains committed.</p> <p>Additional LGF investment is needed to help to cover increased contractor costs due to inflation and risk being factored into the price of the build and additional design costs that will ensure Parkside Phase 3 has the flexibility in design to adapt to changing market conditions, creating even greater confidence that the benefits set out in the Business Case can be delivered.</p> |
| Project benefits | <p>The main project benefits are:</p> <ul style="list-style-type: none"> • Creation of 300 jobs by 2023 (assuming occupation of building immediately following completion); • Provide the opportunity to attract an anchor tenant to the region making Knowledge Gateway a substantially more attractive proposition for suitable employers looking to relocate into the region; • Provide additional grow-on space to complement the current business eco-system available on Knowledge Gateway, including the Innovation Centre, further enabling the University to achieve its aim of developing Parkside into a technology cluster and SME hotspot; • Facilitate recruitment of skilled graduates by businesses within the local economy; • Overcome a shortage of private investment in office space suitable for businesses within the knowledge economy. |
| Financial Information | <p>Original LGF allocation: £5m</p> <p>Additional LGF funding requested: £1.65m</p> <p>The total capital cost of the Project is £12.15m.</p> |

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| | Project spend profile: | | | | | | | |
| | Original project spend profile (£m) | | | | | | | |
| | Funding sources | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | Total |
| | University of Essex | 0.450 | 1.321 | 1.500 | 2.229 | | | 5.500 |
| | LGF | | | 5.000 | | | | 5.000 |
| | Total | 0.450 | 1.321 | 6.500 | 2.229 | 0.000 | 0.000 | 10.500 |
| | Revised project spend profile (£m) | | | | | | | |
| | Funding sources | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | Total |
| | University of Essex | 0.280 | 0.440 | 0.870 | 0.440 | 2.330 | 1.140 | 5.500 |
| | LGF | | | | 3.270 | 1.700 | 0.030 | 5.000 |
| | Additional LGF | | | | | 0.250 | 1.400 | 1.650 |
| | Total | 0.280 | 0.440 | 0.870 | 3.710 | 4.280 | 2.570 | 12.150 |
| Risks to project delivery | <ul style="list-style-type: none"> • Tenant led changes as a result of a pre-let could affect project; • Changes in scope, that require the development to align with market demands, for example higher levels of internal fit out for multiple tenants, necessitating additional design works and costs which will negatively impact upon project time/scope/cost; • COVID-19 pandemic negatively affecting the project timetable. | | | | | | | |
| Outcome of ITE Review | The additional funding increases the cost of the project from £10.5m up to £12.15m. The BCR remains above 2:1 and therefore offers High value for money with a High certainty of achieving this. Further in information can be found in the Report of the Independent Technical Evaluator (Appendix A). | | | | | | | |
| Evidenced compliance with Assurance Framework? | Yes, the project does meet the requirements of the SELEP Assurance Framework. | | | | | | | |
| Link to Project webpage, application for additional LGF funding and Strategic Board decision | <p>Project page: https://www.southeastlep.com/project/university-of-essex-parkside-phase-3-colchester/</p> <p>Application for additional LGF funding: https://www.southeastlep.com/app/uploads/2020/10/Parkside-3-additional-LGF-Application.pdf</p> <p>Strategic Board decision to prioritise project for receipt of additional LGF funding: https://www.southeastlep.com/app/uploads/2019/11/Strategic-Board-Dec-2020-Draft-Minutes.pdf</p> | | | | | | | |

Appendix B7 – Local Growth Fund Project Background Information

| | |
|---|---|
| Name of Project | A13 Widening Thurrock Council |
| Description of what Project delivers | The project involves widening the A13 Stanford le Hope Bypass in both directions, from the junction with the A128 in the west to the A1014 in the east. Once the Project is completed, there will be a continuous three-lane carriageway from the M25 to Stanford le Hope. |
| Case for additional LGF funding | Project costs have increased as a result of the COVID-19 pandemic, in part due to the changed working practices now required. Whilst Thurrock Council have previously given a commitment to cover any cost over-run on this project, the wider impacts of the COVID-19 pandemic have placed a greater pressure on the finances of all Local Authorities. Additional LGF investment would help to reduce these pressures for Thurrock Council. |
| Project benefits | The project will reduce congestion thereby delivering environmental benefits in terms of reduced noise and air pollution and improved journey times. It will also provide a significant contribution in supporting much needed economic recovery and growth not only on a regional and national platform but given the proximity to significant ports, logistics and industry, also on an international basis. |
| Financial Information | Original LGF allocation: £80m Additional LGF funding requested: £1.0m The total LGF allocation to the Project would increase to £82.5m if the additional £1m LGF were awarded. Additional project information can be viewed in the A13 Widening Update Report (Agenda Item 10) |
| Risks to project delivery | <p>The COVID-19 pandemic has resulted in reduced capacity and delayed delivery, a shortage of materials and an increase in costs. Work has progressed onsite but there are still significant impacts on utility works and drainage particularly. There is a risk that this issue will continue to impact on the project.</p> <p>The COVID-19 Pandemic has added to the risk profile of the Project however, appropriate mitigations remain in place and are being managed. The re-negotiation of the commercial arrangements is an opportunity to further mitigate increases in costs and programme delays.</p> |
| Outcome of ITE Review | Based on the original Business Case the project had a BCR of 1.7:1 which falls within the Medium value for money category. The scheme promoter has presented the scheme in conjunction with the delivery of the Lower Thames Crossing which increases the BCR to 2.5:1 which falls within the High value for money category. The ITE has highlighted that the Board should consider that the scheme on its own does not represent High value for money. Further detail can be found in the Report to the Independent Technical Evaluator (Appendix A). |

| | |
|---|---|
| Evidenced compliance with Assurance Framework? | No, the project does not meet the requirements of the SELEP Assurance Framework. The BCR for the scheme itself falls below 2:1. |
| Link to Project webpage, application for additional LGF funding and Strategic Board decision | <p>Project page: https://www.southeastlep.com/project/a13-widening/</p> <p>Strategic Board decision to prioritise project for receipt of additional LGF funding: https://www.southeastlep.com/app/uploads/2019/11/Strategic-Board-Dec-2020-Draft-Minutes.pdf</p> |

Outcome of LGF prioritisation - SELEP Strategic Board - 11th December 2020

| Projects prioritised for additional LGF | | | | | | | | | | |
|---|------|--|----------------------------|------------------------------|-----------------------------------|-------------------------------|-----------------------|--------------------|---------------------------|------------------------------|
| | Band | Project name | Federated Area and ranking | Existing LGF allocation (£m) | % of LGF allocation spent to date | Additional LGF requested (£m) | Cumulative total (£m) | LGF spend end date | Estimated value for money | Barriers to project delivery |
| Projects to proceed to Accountability Board for funding approval in February/March 2021 | 1 | Kent & Medway Medical School | KMEP 1 | 8.0000 | 100% | 1.0000 | 1.0000 | 2020/21 | | |
| | 1 | Project Flightpath Phase 2 | SEB 1 | 1.4215 | 100% | 0.5600 | 1.5600 | 2020/21 | | |
| | 1 | Dover TAP (KSCMP) | KMEP 2 | 0.3000 | 80% | 0.1000 | 1.6600 | 2021/22 | | |
| | 1 | A127 Essential Maintenance/The Bell Part A | OSE 2 | 6.6000 | 50% | 0.2070 | 1.8670 | 2021/22 | | |
| | 1 | East Malling Advanced Technology Horticultural Zone | KMEP 3 | 1.6836 | 0% | 0.3150 | 2.1820 | 2020/21 | | |
| | 1 | Southend Town Centre | OSE 3 | 1.5000 | 0% | 0.1250 | 2.3070 | 2021/22 | | |
| | 2a | A13 Widening Part A | OSE 1 | 80.0000 | 79% | 1.5000 | 3.8070 | 2021/22 | | |
| | 2a | Skills & Business Support for Rural Businesses post Brexit | TES 1 | 2.9180 | 8% | 1.4950 | 5.3020 | 2021/22 | | |
| | 2a | M11 Junction 8* | SEB 2 | 2.7339 | 88% | 1.0000 | 6.3020 | 2022/23 | | |
| | 2a | Eastbourne Fisherman's Quay* | TES 2 | 1.0800 | 0% | 0.3600 | 6.6620 | 2021/22 | | |

| LGF pipeline | | | | | | | | | | |
|---|------|---|----------------------------|------------------------------|-----------------------------------|-------------------------------|-----------------------|--------------------|---------------------------|------------------------------|
| | Band | Project name | Federated Area and ranking | Existing LGF allocation (£m) | % of LGF allocation spent to date | Additional LGF requested (£m) | Cumulative total (£m) | LGF spend end date | Estimated value for money | Barriers to project delivery |
| Ranked order of LGF pipeline - should additional LGF become available following Feb 2021 Accountability Board | 2b | Kent and Medway EDGE Hub | KMEP 4 | 6.1200 | 100% | 1.2240 | 7.8860 | 2020/21 | | |
| | 2b | Mercury Rising | SEB 4 | 1.0000 | 100% | 0.2280 | 8.1140 | 2020/21 | | |
| | 2b | Southend Airport Business Park Part A | OSE 4 | 23.0900 | 87% | 0.6000 | 8.7140 | 2021/22 | | |
| | 2b | Southend Airport Business Park Part B | OSE 5 | 23.0900 | 87% | 0.5000 | 9.2140 | 2021/22 | | |
| | 2b | Southend Airport Business Park Part C | OSE 6 | 23.0900 | 87% | 0.5000 | 9.7140 | 2021/22 | | |
| | 2b | Maidstone East Station Access Improvements (West Kent LSTF) | KMEP 5 | 1.2460 | 80% | 0.1530 | 9.8670 | 2020/21 | | |
| | 2b | A127 Essential Maintenance/The Bell Part B | OSE 8 | 6.6000 | 50% | 0.3930 | 10.2600 | 2021/22 | | |
| | 2a | Parkside Phase 3 | SEB 3 | 5.0000 | 0% | 1.6500 | 11.9100 | 2023/24 | | |
| | 3 | A13 Widening Part B | OSE 7 | 80.0000 | 79% | 1.0000 | 12.9100 | 2021/22 | | |
| | 3 | Dartford Town Centre improvements | KMEP 6 | 4.3000 | 74% | 1.0000 | 13.9100 | 2021/22 | | |
| | | | | | | | | | | |

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

| | |
|---|----------------------|
| Report title: Getting Building Fund Capital Programme update | |
| Report to: Accountability Board | |
| Report author: Katherine Wyatt, SELEP Capital Programme Officer | |
| Meeting date: 2 July 2021 | For: Decision |
| Enquiries to: katherine.wyatt@southeastlep.com | |
| 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 overall position of the Getting Building Fund (GBF) capital programme.
- 1.2. This report also seeks agreement from the Board on SELEP's position in relation to expenditure of GBF funding beyond 31 March 2022.

2. Recommendations

- 2.1. The Board is asked to:
 - 2.1.1. **Note** the current forecast spend for the GBF programme for 2021/22 financial year of £71.448m.
 - 2.1.2. **Agree** SELEP's position on retaining GBF funding against projects beyond 31 March 2022, choosing one of the following options as detailed in Section 6 of the report:
 - 2.1.2.1. **Option 1:** Reallocate GBF funding which cannot be spent by 31 March 2022 to alternative projects on the GBF pipeline (subject to Strategic Board agreement to flex the order of pipeline projects, to allow those projects which can still deliver by 31 March 2022 to be prioritised for investment); **OR**
 - 2.1.2.2. **Option 2:** Retain GBF funding against projects after 31 March 2022, subject to certain conditions being satisfied as detailed in 6.9.3 of this report (recommended)
 - 2.1.3. **Agree** the preferred course of action for the UTC Maritime and Sustainable Technology Hub project (dependent upon the decision made at 2.1.2):
 - 2.1.3.3. **Option 1:** Agree that the project is removed from the GBF programme and that the GBF allocation of £1,300,000 be reallocated to the next project(s) on the GBF pipeline which are still able to deliver by 31 March 2022; **OR**

- 2.1.3.4. **Option 2:** To allow the Project until the September 2021 Board meeting to demonstrate compliance with the criteria and conditions for retaining the GBF allocation beyond 31 March 2022 (recommended subject to 2.1.2.2 being agreed by the Board).

3. Summary Position

- 3.1. Of the total £85m that was allocated to SELEP for the GBF Programme, according to forecast spend profiles provided by local partners, currently £83.981m is forecast to be spent by 31 March 2022 which is the end of the GBF programme, of which £x was reported as spent in 2020/21. This report does, however, highlight a risk to GBF spend by 31 March 2022 in relation to one project in the Programme and the Board are asked to consider the next steps to address this issue. The Board will be asked to consider allocating the remaining £1.019m to two new projects under agenda item 14.
- 3.2. SELEP has now received updated GBF reporting from partners and this data was submitted to Central Government on the 28 May 2021. This return shows a total programme spend of £13.552m in 2020/21 (please refer to table 1 in Section 5 for more information). The grant allocation for 2020/21 was £42.5m, which was an arbitrary 50% of the total allocation. Given that the first projects weren't approved for investment until September 2020, the spend was highly unlikely to have accrued on a 50/50 basis across the two years. The previous reported forecast spend for 2020/21 was £20.423m, meaning slippage has increased by £6.871m. Further information on this slippage can be found below and a detailed breakdown of the projects and their current RAG ratings can be found in Appendix C.
- 3.3. In March 2021, following the Board's decision in February 2021 to transfer the advance payment of £9.490m GBF to local authorities in 2020/21 in order to meet Central Government requirements to demonstrate that all funding for the year was allocated and spent by SELEP, all unspent funding was transferred to authorities to either be invested as an Option 4 capital swap within the local authorities' capital programmes or to be held by the local authority as a ringfenced grant.
- 3.4. SELEP Ltd has now received the Grant Determination Letter from Central Government for tranche 2 of the GBF funding. The Grant Determination letter indicates that there is no change to the conditions attached to the GBF funding and therefore the terms of the Service Level Agreement (SLA) between SELEP Ltd, Essex County Council (as the Accountable Body) and the six Upper Tier Local Authorities remain unchanged. In light of this, the funding requested by local partners to support project delivery in Quarter 1 has now been released by the Accountable Body.

4. Award of Getting Building Fund

- 4.1. To date, the Board has approved the award of £83.981m GBF to 35 projects, relative to a total £85m GBF available.
- 4.2. At the Strategic Board meeting on 11 December 2020, a process for the creation of a GBF pipeline of projects was agreed. A prioritised list of projects for the GBF pipeline was presented to the Strategic Board on the 19 March 2021 and the GBF pipeline was approved. The two projects at the top of the pipeline, Innovation Park Medway and an extension to the Charleston Access Road project, were identified for investment utilising the

currently unallocated GBF funding and Business Cases were prepared. The Board are asked to consider the award of GBF funding to these projects under Agenda Item 14.

5. Getting Building Fund Forecast Spend 2020/21

- 5.1. In January 2021, local partners were tasked with providing their Quarter 3 reporting and monitoring returns, which included an update on actual spend in Quarters 2 and 3 as well as forecasts for Quarter 4 2020/21. Partners have now provided their Quarter 4 reporting and monitoring returns reporting the actual GBF expenditure during 2020/21, as well as updated forecasts for 2021/22. These returns have shown that there was further underspend in 2020/21 of £6.871m giving a total underspend of £28.948m against the grant allocation for the year.

Table 1 – Summary of GBF spend forecast

| Local authority | GBF Total Allocation | GBF spend 2020/21 (£m) | | | | Remaining GBF to be transferred in 2021/22 | Forecast Spend by area |
|--------------------------|----------------------|---|---|---|-----------------------|--|------------------------|
| | | GBF spend forecast 2020/21, as reported in January 2021 | GBF actual spend 2020/21, as reported in May 2021 | Difference between January 2021 forecast and GBF actual spend 20/21 | Total transferred GBF | | |
| East Sussex | 11.180 | 2.552 | 1.656 | -0.896 | 6.416 | 4.764 | 9.524 |
| Essex | 25.320 | 4.760 | 4.544 | -0.216 | 17.533 | 7.787 | 20.776 |
| Kent | 35.019 | 11.232 | 6.201 | -5.031 | 15.794 | 19.225 | 28.818 |
| Medway | 1.990 | 0.480 | 0.205 | -0.275 | 0.792 | 1.198 | 1.785 |
| Southend | 5.400 | 0.400 | 0.000 | -0.400 | 0.558 | 4.842 | 5.400 |
| Thurrock | 3.100 | 1.000 | 0.946 | -0.054 | 1.408 | 1.692 | 2.154 |
| Projects with Conditions | 1.972 | 0.000 | 0.000 | 0.000 | 0.000 | 1.972 | 1.972 |
| Unallocated | 1.019 | 0.000 | 0.000 | 0.000 | 0.000 | 1.019 | 1.019 |
| Total | 85.000 | 20.423 | 13.552 | -6.871 | 42.500 | 42.500 | 71.448 |

- 5.2. The below table shows the projects for which there were slippages in GBF spend between 2020/21 and 2021/22 of more than £200,000. A detailed breakdown of the spend forecast for all GBF projects can be found in Appendix A.

Table 2 – Summary of project slippages

| Project Name | Total Baseline 2020/21 | Total Actual 2020/21 | Total Difference 2020/21 |
|--|---------------------------|-------------------------|-----------------------------|
| East Sussex | | | |
| Fast Track Business Solutions for the Hastings Manufacturing Sector | 0.250 | 0.000 | -0.250 |
| Riding Sunbeams Solar Railways | 2.342 | 0.000 | -2.342 |
| Sussex Innovation Falmer - Covid Secure adaptations- | 0.200 | 0.000 | -0.200 |
| UTC Maritime & Sustainable Technology Hub | 0.300 | 0.000 | -0.300 |
| Essex | 3.092 | 0.000 | -3.092 |
| Acceleration of full-fibre broadband deployment in very rural or very hard-to reach premises | 0.680 | 0.000 | -0.680 |
| Extension of the full-fibre broadband rollout in Essex to reach rural and hard to reach premises | 1.820 | 0.000 | -1.820 |
| Enterprise Centre for Horizon 120 Business Park | 7.000 | 0.967 | -6.033 |
| Nexus | 1.600 | 0.000 | -1.600 |
| Rocheway | 0.713 | 0.218 | -0.495 |
| Swan modular housing factory | 2.047 | 1.044 | -1.002 |
| Tendring Bikes & Cycle Infrastructure | 0.700 | 0.000 | -0.700 |
| Kent | 14.560 | 2.230 | -12.329 |
| Digitally Connecting Rural Kent and Medway | 0.261 | 0.000 | -0.261 |
| Romney Marsh Employment Hub | 1.564 | 0.000 | -1.564 |
| Thanet Parkway Railway Station | 6.514 | 3.163 | -3.352 |
| New Performing & Production Digital Arts Facility @ North Kent College | 2.102 | 2.460 | 0.358 |
| The Meeting Place Swanley | 0.212 | 0.000 | -0.212 |
| Medway | 10.653 | 5.623 | -5.031 |
| Britton Farm Redevelopment Learning, Skills & Employment Hub | 0.530 | 0.205 | -0.325 |
| Southend | 0.530 | 0.205 | -0.325 |
| South Essex No Use Empty | 0.400 | 0.000 | -0.400 |
| Thurrock | 0.400 | 0.000 | -0.400 |
| Total | 29.235 | 8.058 | -21.177 |

5.3. The reasons for this slippage can be attributed to the fact that there was a delay in getting Service Level Agreements signed with local authorities as a result of SELEP not receiving the grant conditions from Central Government until late September 2020 which then caused a delay to back to back agreements being signed between local authorities and their third party delivery partners. The business cases and original forecasts were also developed in the summer of 2020 and now projects have a better understanding of when funding will be spent, highlighting that some of the spend profiles were overly optimistic. With the withdrawal of the Grays Shopping Centre project and the change in allocation to the North Kent College project, this has also impacted the projected spend profile for the GBF programme.

6. Conditions to allow GBF spend on projects after March 2022

- 6.1. At the outset of the GBF programme, Central Government were clear that this funding opportunity was only suitable for those projects which could be delivered within a very restricted time period and which would be substantially complete by 31 March 2022. The objective of the funding stream was to support projects which would play an important and immediate role in the positive reset of the national economy post-COVID-19.
- 6.2. Throughout the GBF programme to date, Central Government have continued to reiterate the requirement for all GBF funding to be spent by 31 March 2022. This requirement formed the basis of the prioritisation process and the development of the GBF project pipeline, with the most deliverable projects being prioritised for receipt of funding.

- 6.3. It was originally envisaged that if the approved GBF projects were no longer able to meet the stated funding conditions, that the GBF funding would be returned to SELEP for reallocation through the project pipeline. However, with less than 10 months left to deliver the GBF programme, identifying alternative projects which are in a position to be able to deliver by 31 March 2022 is becoming increasingly challenging. At present there are still viable projects on the GBF pipeline, however, whilst deliverability was a key consideration when establishing the project pipeline, with every month that passes the likelihood of these projects being delivered by 31 March 2022 diminishes particularly when taking into account the governance processes required to facilitate the reallocation of the funding.
- 6.4. In light of concerns raised regarding the ability of the UTC Maritime and Sustainable Technology Hub project to complete delivery and spend of the GBF funding by 31 March 2022 (further details in section 7 of this report) and taking into account the risks flagged above regarding the deliverability of projects on the GBF pipeline in accordance with Government requirements, there is a need for SELEP to develop a position as to whether GBF spend beyond 31 March 2022 should be permitted.
- 6.5. There are two options available to the Board:

Option 1: Reallocate GBF funding which cannot be spent by 31 March 2022 to alternative projects on the GBF pipeline (subject to Strategic Board agreement to flex the pipeline to allow those projects which can still deliver by 31 March 2022 to be prioritised for investment)

- 6.6. As indicated above, reallocation of this funding to new projects included within the GBF project pipeline (current value £5.334m) which can themselves complete spend by 31 March 2022 would be challenging. However, at this stage in the programme, there are still projects on the pipeline which have stated that they can meet the Government deadline for GBF spend and delivery. The projects which remain deliverable within the GBF period do not necessarily feature at the top of the agreed project pipeline and therefore Board agreement to reallocate funding which cannot be spent by 31 March 2022 to alternative projects on the pipeline, would be dependent upon Strategic Board agreement to allow flexibility within the pipeline to allow those projects which continue to meet the Government criteria to be prioritised regardless of their original ranking. This decision would be sought via electronic procedure following this Board meeting to ensure there is sufficient time for the appropriate governance processes to be completed prior to funding decisions being sought from the Board in November 2021.
- 6.7. The alternative option would be to reallocate the funding to support existing GBF projects which, due to unforeseen circumstances, are reporting a shortfall in their funding package. Whilst this approach would safeguard the delivery of other projects within the GBF programme, it would ultimately result in a reduction in the benefits generated through the funding. In addition, to date no existing GBF projects have reported a shortfall in their funding package, raising the risk that the funding will remain unallocated at 31 March 2022 or that funding gaps will be engineered so as to obtain additional GBF funding. For these reasons, it is recommended that this approach is not adopted at this point in the GBF programme.

Option 2: Retain GBF funding against projects after 31 March 2022, subject to certain conditions being satisfied

- 6.8. Retaining GBF funding against projects beyond 31 March 2022 will safeguard delivery of the projects prioritised for investment by the Strategic Board. However, it should be noted that the consequences of GBF spend extending beyond 31 March 2022 are not yet clear. Whilst Government have indicated that there are no plans for further capital funding to be routed through LEP's, there remains a risk to the reputation of both SELEP and the relevant local partner. Failure of a local partner to meet the requirements of the GBF funding may weaken their case to secure future funding from alternative government funding streams.
- 6.9. Should the Board choose to support Option 2, it is recommended that certain criteria and conditions which must be satisfied for the GBF funding allocation to be retained beyond 31 March 2022 as set out below:
- 6.9.1. The maximum extension offered to a GBF project would be 6 months, to 30 September 2022. This reflects the original government expectation that projects receiving GBF funding would be shovel ready and, in a position to play an immediate role in supporting economic recovery post COVID-19.
- 6.9.2. Only projects which have been delayed by external factors which could not have been foreseen at the time of Business Case development can be considered for retention of GBF funding beyond 31 March 2022. External factors could relate to the impact of external agencies (i.e. Network Rail or Central Government departments) or failure of suppliers/contractors to deliver in accordance with an agreed programme. The intention is that the focus remains on project delivery by 31 March 2022, and therefore approval for the retention of GBF funding beyond March 2022 will be very much on an exception basis and will not be available to all projects.
- 6.9.3. Projects must demonstrate that they meet the following six conditions before the Accountability Board will be asked to consider approving retention of GBF funding beyond 31 March 2022:
- 6.9.3.5. Provision of a clear delivery plan with specific delivery milestones and completion date to be agreed by the Board;
- 6.9.3.6. Confirmation that all funding sources identified to enable delivery of the Project are in place and provision of an updated GBF spend profile;
- 6.9.3.7. Written confirmation that all planning requirements will be met by 31 December 2021;
- 6.9.3.8. Confirmation that contractual commitments will be in place with the construction contractor by 31 January 2022;
- 6.9.3.9. Confirmation that the total project cost and the project benefits remain unchanged ensuring that the Project continues to offer High value for money;
- 6.9.3.10. Endorsement from Strategic Board that the funding should be retained against the Project beyond 31 March 2022.

- 6.10. It is recommended that any projects which receive approval from the Board to retain their GBF funding beyond 31 March 2022, provide updates at each Board meeting to demonstrate that the project remains on track to meet the agreed extended GBF spend deadline.
- 6.11. Should any projects which do not meet the above criteria seek an extension to GBF spend beyond 31 March 2022, it is recommended that the Board agree that the funding is reallocated to alternative projects on the GBF pipeline which can meet the conditions agreed. The exact mechanism for this reallocation will be influenced by the Board's stance with regard to the conditions and criteria outlined above and a further update will be presented to the Board in September 2021.
- 6.12. The issue of GBF slippage beyond 31 March 2022 has been raised with Central Government, however, they have been unable to formally confirm their position at this time. Given the purpose of the GBF funding stream, it has been advised that the focus should firmly remain on delivery and full GBF spend by 31 March 2022 wherever possible.
- 6.13. As indicated at section 3.4 above, the Grant Determination letter in relation to the 2021/22 GBF allocation has now been received and does not impose any additional conditions whereby Government can reclaim the funding if it is not spent in accordance with the stated timetable. In addition, the Grant Offer letter indicates that there is an expectation for LEP's and their Accountable Body's to use the freedoms and flexibilities available to them to manage the capital budget between programmes. This is the same expectation as was applied to the Local Growth Fund.
- 6.14. Should the Board choose to support Option 2, it is intended that any unspent GBF funding will be transferred to the relevant Local Authority partners in advance of March 2022. Funding conditions will be attached to the transfer of funding should there be any remaining deliverability risks. Further decisions regarding this approach will be presented to the Board in due course.
- 6.15. Whilst acknowledging that the formal Government position regarding the retention and spend of GBF funding beyond 31 March 2022 has not yet been confirmed, it is recommended that the Board agree SELEP's position on this point now. This is critical to ensure that there is sufficient time remaining in the programme for the Board's chosen approach to be effectively implemented, ensuring that SELEP will be in a position to report full spend of the GBF funding to Government at the end of March 2022.
- 6.16. Based on the experience of managing the tail-end of the Local Growth Fund programme, it is recommended that the Board choose Option 2. Noting that this mechanism is only intended to be used in exceptional circumstances and that the vast majority of the GBF projects remain on track to complete spend of the GBF funding in advance of 31 March 2022. It is recommended that the criteria and conditions outlined above are rigidly enforced to ensure that delivery of the GBF programme is completed by 30 September 2022 at the latest to ensure that SELEP's GBF programme is in a position to play a key role in local economic recovery post COVID-19.

7. UTC Maritime and Sustainability Hub risk

- 7.1. Due to delays caused by unforeseen and complex land ownership matters, the UTC Maritime and Sustainable Technology Hub project in Newhaven are now reporting that it is very unlikely that their GBF allocation (£1.3m) will be spent in full by 31 March 2022.
- 7.2. These complex land ownership matters are the result of a lease from a head lessee which now sits with the Department for Education (DfE) and the transfer of the lease from one organisation to Lewes District Council (LDC). The DfE had to take legal action to recover the lease from the previous UTC Academy Trust which caused unexpected delays to the project. The DfE intend to sub-lease to LDC, however the lease has a number of restrictions including an overage clause which would be triggered for the Project. Agreement has been reached regarding most of the terms under which a lease would be taken by LDC and valuations are now being undertaken by the Landlord and the DfE in order that LDC can understand the costs that might be associated with the overage clause.
- 7.3. Once this issue has been resolved, LDC are confident of being able to deliver the project as per the original outputs and outcomes just to a revised timetable. The aim is to agree the lease documentation by the end of July 2021, at which point the project will be in a position to provide a further update to the Board in September.
- 7.4. Alternative options have been considered, however, as the overage clause exists in the DfE lease, this would be passed through to any sub-lease with LDC. An alternative would be to purchase the freehold of the property; LDC would not have the funds to do this but understands that it remains one of the options that the DfE are considering. The other option would be not to proceed with the lease of the building, but the strategic context for the former UTC highlights its importance to wider regeneration plans for Newhaven.
- 7.5. Under Section 6 of this report, the Board are asked to consider SELEP's position regarding the retention of GBF spend against projects beyond 31 March 2022. If the Board choose to agree Option 1 as set out at Section 6.6, then the £1.3m GBF currently allocated to the UTC Maritime and Sustainable Technology Hub will be automatically reallocated to the next project(s) on the pipeline for which deliverability by 31 March 2022 can be assured.
- 7.6. The next two projects on the GBF pipeline which would potentially benefit from the return of funding from the UTC Maritime and Sustainable Technology Hub are the Princess Alexandria Hospital in Harlow (£0.5m GBF funding request) and The Amelia Scott in Tunbridge Wells (£1.4m GBF funding request). The Princess Alexandria Hospital project is seeking to relocate the hospital to a new location closer to Harlow Town Centre and the Amelia Scott is delivering a new and exciting cultural and educational concept bringing together learning, culture, art and advice in an integrated and expanded Grade II listed building.
- 7.7. Although both of these projects provide excellent and comparable benefits to the UTC Maritime and Sustainable Technology Hub, the earliest both projects could present their Business Cases to the Board for approval is at the November 2021 Accountability Board meeting, which will make delivery by 31 March 2022 challenging. Therefore, it is recommended that if the Board choose Option 1, that Strategic Board agreement to allow flexibility within the GBF project pipeline is sought. This would allow those projects which are still in a position to deliver by 31 March 2022 to be prioritised over other projects on the pipeline which are no longer able to meet this deadline. This agreement would be sought

via electronic procedure following this Board meeting and following further discussions with scheme promoters to understand the current position with all pipeline projects.

- 7.8. If the Board choose Option 2 as outlined at Section 6.8, then East Sussex County Council will be given until the September 2021 Board meeting to provide evidence that the Project meets the criteria and conditions required to enable spend to be retained against the Project beyond 31 March 2022. A report will be provided to the Board in September 2021 which sets out the updated position with the project and the compliance with the required criteria and conditions for retention of funding against the project.
- 7.9. The UTC Maritime and Sustainable Technology Hub project remains a high strategic and political priority for Lewes District Council and East Sussex County Council, with Newhaven having been identified as a key strategic area for economic regeneration. The Project also aligns with the SELEP Economic Recovery and Renewal Strategy.

8. Deliverability and Risk

- 8.1. Despite the further slippage in underspend in the 2020/21 financial year, projects have spread out these costs throughout the 2021/22 financial year and so the number of projects that are forecasting a significant amount of their spending in the last two quarters of 2021/22 remains similar to the last update in March 2021. There is still a risk to the programme that delays could mean that projects are unable to spend their full GBF allocation as required by the end of March 2022.
- 8.2. The award of funding to the Better Queensway Project in November 2020 was conditional on the basis that written confirmation of planning permissions being in place was received from Southend on Sea Borough Council by 31 March 2021. This confirmation has been received and the condition is satisfied. The project can now proceed and GBF monies can be drawn down.
- 8.3. The Jaywick Market and Commercial Space Project is the only project in the GBF programme which is still subject to an outstanding funding condition. This condition requires that planning consent must be in place by 31 July 2021. The planning application is scheduled for consideration by the Planning Committee on 8 July 2021. The Board will receive a further update at the September Board meeting. If planning consent is not granted, the Board will be asked to agree the reallocation of the £1.972m GBF allocation to an alternative project on the GBF pipeline at the November 2021 Board meeting.

9. GBF Programme Risks

- 9.1. In addition to project specific risks, Appendix B sets out the overall programme risks. The main risk relates to the fact the usual mitigation for stalled projects and reallocating funding is actually very difficult for this programme given that there are less than 10 months left and the impact of the COVID-19 crisis on the delivery (and pace of delivery) of project outputs and outcomes, which could impact the overall value for money achieved through the delivery of the programme.

10. Financial Implications (Accountable Body comments)

- 10.1. All funding allocations which are agreed by the Board are dependent on the Accountable Body receiving sufficient funding from HM Government. The Accountable Body received the first tranche of GBF for £42.5m from MHCLG in September 2020. The second tranche of GBF for £42.5m has been received from MHCLG in May 2021.
- 10.2. Essex County Council, as the Accountable Body, is responsible for ensuring that the GBF funding is utilised in accordance with the conditions set out by Government for use of the Grant.
- 10.3. GBF is allocated through a grant determination from MHCLG via section 31 of the Local Government Act 2003; this is subject to the following condition:
 - 10.3.1. The grant may be used only for the purposes that a capital receipt may be used for, in accordance with regulations made under section 11 of the Local Government Act 2003.
- 10.4. The Accountable Body is ensuring that the grant is spent in line with the Grant Determination letter condition, which does not impose an end date for use.
- 10.5. SELEP have raised the issue of the application of the GBF grant beyond the end of the growth deal period with central government and have sought clarity on this, but this is not yet confirmed, and it remains unclear when a response will be provided.
- 10.6. Should the funding not be utilised in accordance with the conditions, the Government may request return of the funding, or withhold future funding streams.
- 10.7. A total of £505,907 GBF has been transferred to East Sussex County Council as lead authority for the UTC Maritime & Sustainable Technology Hub project (the Project). Essex County Council, as the Accountable Body is holding £794,093 as the remaining GBF balance against the Project, which has a total GBF allocation of £1,300,000. All GBF is transferred to the Project Lead Authorities, under the terms of a Funding Agreement or SLA which makes clear that funding can only be made available when the Accountable Body is in receipt of the funding; whilst all funding in this respect has been received from HM Government, there is funding that would need to be recovered from the Partner Authority in advance of reallocation, should the Board agree to Option 1 in the Recommendations under 2.1.3.3.

11. Legal Implications (Accountable Body comments)

- 11.1. Service Level Agreements are in place between the SELEP Accountable Body, SELEP Ltd and the upper tier for the transfer of the funding in line with the terms of the grant conditions received from Central Government. The SLA's should contain the projects in the appendices, including any conditions.
- 11.2. If the projects are not listed in the appendices to the SLA, the SLA will need to be varied to add them.

12. Equality and Diversity Implications

- 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:

Getting Building Fund Capital Programme update

- 12.1.1. Eliminate unlawful discrimination, harassment and victimisation and other behaviour prohibited by the Act
- 12.1.2. Advance equality of opportunity between people who share a protected characteristic and those who do not.
- 12.1.3. Foster good relations between people who share a protected characteristic and those who do not including tackling prejudice and promoting understanding.
- 12.2. The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation.
- 12.3. In the course of the development of the project business case, the delivery of the Project and the ongoing commitment to equality and diversity, the promoting local authority will ensure that any equality implications are considered as part of their decision making process and where possible identify mitigating factors where an impact against any of the protected characteristics has been identified.

13. List of Appendices

- 13.1. Appendix A – Analysis of movement in 2020/21 forecast
- 13.2. Appendix B – Programme Risk Register
- 13.3. Appendix C - Project deliverability and risk update

14. List of Background Papers

- 14.1. None

(Any request for background papers listed here should be made to the person named at the top 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) | 24/06/2021 |

| | | | | 2020/21 | | | | | | | | |
|--|----------------|----------------------|----------------|------------|------------|------------|------------|------------|------------|------------|-----------|------------|
| Project Name | Project Number | Local Authority area | GBF Allocation | Q2 2020-21 | Q2 2020-21 | Q2 2020-21 | Q3 2020-21 | Q3 2020-21 | Q3 2020-21 | Q4 2020-21 | | |
| | | | | Baseline | Actual | Difference | Baseline | Actual | Difference | Baseline | | |
| East Sussex | | | | | | | | | | | | |
| Fast Track Business Solutions for the Hastings Manufacturing Sector | GBF002 | East Sussex | 3,500,000 | - | - | - | 125,000 | - | - | 125,000 | 125,000 | |
| Restoring the Glory of the Winter Garden | GBF003 | East Sussex | 1,600,000 | - | - | - | - | 75,660 | - | 75,660 | 600,000 | |
| The Observer Building, Hastings (Phase 2) Option A | GBF004 | East Sussex | 1,713,000 | - | - | - | - | 165,656 | - | 165,656 | 914,000 | |
| Charleston's access road: removing the barrier to growth | GBF009 | East Sussex | 89,293 | - | - | - | 20,000 | - | - | 20,000 | 69,293 | |
| Creative Hub, 4 Fisher Street, Lewes | GBF010 | East Sussex | 250,000 | - | - | - | - | 128,962 | - | 128,962 | 250,000 | |
| Riding Sunbeams Solar Railways | GBF011 | East Sussex | 2,527,500 | 1,336,596 | - | - | 1,336,596 | 592,122 | - | 592,122 | 413,654 | |
| Sussex Innovation Falmer - Covid Secure adaptations- | GBF012 | East Sussex | 200,000 | - | - | - | - | - | - | - | 200,000 | |
| UTC Maritime & Sustainable Technology Hub | GBF013 | East Sussex | 1,300,000 | - | - | - | - | - | - | - | 300,000 | |
| | | | 11,179,793 | 1,336,596 | - | - | 1,336,596 | 737,122 | 370,278 | - | 366,844 | 2,871,947 |
| Essex | | | | | | | | | | | | |
| Acceleration of full-fibre broadband deployment in very rural or very hard-to reach premises | GBF005 | Essex | 680,000 | - | - | - | - | - | - | - | 680,000 | |
| Extension of the full-fibre broadband rollout in Essex to reach rural and hard to reach premises | GBF006 | Essex | 1,820,000 | - | - | - | - | - | - | - | 1,820,000 | |
| Enterprise Centre for Horizon 120 Business Park | GBF014 | Essex | 7,000,000 | 1,846,669 | - | - | 1,846,669 | - | - | - | 5,153,331 | |
| Harlow Library | GBF015 | Essex | 977,000 | - | - | - | - | - | - | - | - | |
| Jaywick Market & Commercial Space | GBF016 | Essex | 1,972,000 | - | - | - | - | - | - | - | 170,973 | |
| Labworth Car Park, Canvey Island modernisation | GBF017 | Essex | 700,000 | - | - | - | - | - | - | - | 326,000 | |
| Modus | GBF018 | Essex | 1,960,000 | - | - | - | - | - | - | - | 1,960,000 | |
| Nexus | GBF019 | Essex | 1,600,000 | - | - | - | - | - | - | - | 1,600,000 | |
| Remodelling of buildings at Harlow College to provide new 'T'-levels | GBF020 | Essex | 1,500,000 | - | - | - | - | - | - | - | 103,778 | |
| Rocheway | GBF021 | Essex | 713,000 | - | - | - | 334,000 | - | - | 334,000 | 379,000 | |
| Swan modular housing factory | GBF022 | Essex | 4,530,000 | - | - | - | - | - | - | - | 2,046,625 | |
| Tendring Bikes & Cycle Infrastructure | GBF023 | Essex | 2,300,000 | - | - | - | - | - | - | - | 700,000 | |
| Tindal Square, Chelmsford | GBF024 | Essex | 750,000 | - | - | - | - | - | - | - | - | |
| Laindon Place | GBF035 | Essex | 790,000 | - | - | - | - | - | - | - | - | |
| | | | 27,292,000 | 1,846,669 | - | - | 1,846,669 | 334,000 | - | - | 334,000 | 14,939,707 |
| Kent | | | | | | | | | | | | |
| Digitally Connecting Rural Kent and Medway | GBF001 | Kent | 2,290,152 | - | - | - | - | - | - | - | 260,543 | |
| Javelin Way Development | GBF025 | Kent | 578,724 | - | - | - | 289,362 | - | - | 289,362 | 289,362 | |
| Romney Marsh Employment Hub | GBF026 | Kent | 3,536,466 | - | - | - | - | - | - | - | 1,564,000 | |
| Thanet Parkway Railway Station | GBF027 | Kent | 11,999,000 | 276,892 | 276,892 | - | 3,257,194 | 1,125,066 | - | 2,132,128 | 2,980,302 | |
| First and Second Floors, Building 500, Discovery Park, Sandwich | GBF028 | Kent | 2,500,000 | - | - | - | - | - | - | - | - | |
| New Performing & Production Digital Arts Facility @ North Kent College | GBF029 | Kent | 12,301,796 | - | - | - | - | - | - | - | 2,102,262 | |
| The Meeting Place Swanley | GBF030 | Kent | 1,490,000 | - | - | - | 211,949 | - | - | 211,949 | - | |
| St George's Creative Hub | GBF036 | Kent | 323,204 | - | - | - | - | - | - | - | - | |
| | | | 35,019,342 | 276,892 | 276,892 | - | 3,758,505 | 1,125,066 | - | 2,633,439 | 7,196,469 | |
| Medway | | | | | | | | | | | | |
| Britton Farm Redevelopment Learning, Skills & Employment Hub | GBF007 | Medway | 1,990,000 | - | - | - | 50,000 | 64,328 | - | 14,328 | 480,000 | |
| | | | 1,990,000 | - | - | - | 50,000 | 64,328 | - | 14,328 | 480,000 | |
| Southend | | | | | | | | | | | | |
| Better Queensway | GBF031 | Southend | 4,200,000 | - | - | - | - | - | - | - | - | |
| South Essex No Use Empty | GBF032 | Southend | 1,200,000 | - | - | - | - | - | - | - | 400,000 | |
| | | | 5,400,000 | - | - | - | - | - | - | - | 400,000 | |
| Thurrock | | | | | | | | | | | | |
| LFFN | GBF008 | Thurrock | 2,500,000 | - | - | - | - | 2,150 | - | 2,150 | 1,000,000 | |
| Transport and Logistics Institute | GBF034 | Thurrock | 600,000 | - | - | - | - | - | - | - | - | |
| | | | 3,100,000 | - | - | - | - | 2,150 | - | 2,150 | 1,000,000 | |
| Thurrock | | | | | | | | | | | | |
| Unallocated funding | | | 1,018,865 | | | | | | | | | |
| Total | | | 85,000,000 | 3,460,157 | 276,892 | - | 3,183,265 | 4,879,627 | 1,561,822 | - | 3,317,805 | 26,888,123 |

| Project Name | Q4 2020-21 | Q4 2020-21 | Total Baseline | Total Actual | Total Difference | Q1 2021-22 | Q1 2021-22 | Q1 2021-22 | Q2 2021-22 | Q2 2021-22 | | | |
|--|------------|------------|----------------|--------------|------------------|------------|------------|------------|------------|------------|---------|------------|------------|
| | Actual | Difference | 2020/21 | 2020/21 | 2020/21 | Baseline | Forecast | Difference | Baseline | Forecast | | | |
| East Sussex | | | | | | | | | | | | | |
| Fast Track Business Solutions for the Hastings Manufacturing Sector | - | - | 125,000 | 250,000 | - | - | 250,000 | 1,500,000 | 800,000 | - | 700,000 | 1,500,000 | 1,200,000 |
| Restoring the Glory of the Winter Garden | 502,104 | - | 97,896 | 600,000 | 577,764 | - | 22,236 | - | 293,977 | 293,977 | - | - | 421,753 |
| The Observer Building, Hastings (Phase 2) Option A | 769,022 | - | 144,978 | 914,000 | 934,678 | - | 20,678 | - | - | - | - | - | 215,177 |
| Charleston's access road: removing the barrier to growth | - | - | 69,293 | 89,293 | - | - | 89,293 | - | - | - | - | - | 89,293 |
| Creative Hub, 4 Fisher Street, Lewes | 14,154 | - | 235,846 | 250,000 | 143,116 | - | 106,884 | - | 106,884 | 106,884 | - | - | - |
| Riding Sunbeams Solar Railways | - | - | 413,654 | 2,342,372 | - | - | 2,342,372 | 185,128 | 311,093 | 125,965 | - | - | 705,802 |
| Sussex Innovation Falmer - Covid Secure adaptations- | - | - | 200,000 | 200,000 | - | - | 200,000 | - | 161,862 | 161,862 | - | - | 38,138 |
| UTC Maritime & Sustainable Technology Hub | - | - | 300,000 | 300,000 | - | - | 300,000 | 250,000 | 139,257 | - | 110,743 | 250,000 | 180,000 |
| Essex | 1,285,280 | - | 1,586,667 | 4,945,665 | 1,655,558 | - | 3,290,107 | 1,935,128 | 1,813,073 | - | 122,055 | 1,750,000 | 2,850,163 |
| Acceleration of full-fibre broadband deployment in very rural or very hard-to reach premises | - | - | 680,000 | 680,000 | - | - | 680,000 | - | - | - | - | - | - |
| Extension of the full-fibre broadband rollout in Essex to reach rural and hard to reach premises | - | - | 1,820,000 | 1,820,000 | - | - | 1,820,000 | - | - | - | - | - | - |
| Enterprise Centre for Horizon 120 Business Park | 967,422 | - | 4,185,909 | 7,000,000 | 967,422 | - | 6,032,578 | - | 1,508,144 | 1,508,144 | - | - | 1,508,144 |
| Harlow Library | 2,650 | - | 2,650 | - | 2,650 | - | 2,650 | - | 243,588 | 243,588 | - | - | 243,588 |
| Jaywick Market & Commercial Space | - | - | 170,973 | 170,973 | - | - | 170,973 | - | 493,000 | 493,000 | - | - | 493,000 |
| Labworth Car Park, Canvey Island modernisation | 326,888 | - | 888 | 326,000 | 326,888 | - | 888 | - | 93,278 | 93,278 | - | 374,000 | 93,278 |
| Modus | 1,960,000 | - | - | 1,960,000 | 1,960,000 | - | - | - | - | - | - | - | - |
| Nexus | - | - | 1,600,000 | 1,600,000 | - | - | 1,600,000 | - | 400,000 | 400,000 | - | - | 400,000 |
| Remodelling of buildings at Harlow College to provide new 'T'-levels | 24,328 | - | 79,450 | 103,778 | 24,328 | - | 79,450 | - | 368,918 | 368,918 | - | - | 368,918 |
| Rocheway | 218,498 | - | 160,502 | 713,000 | 218,498 | - | 494,502 | - | - | - | - | - | 247,250 |
| Swan modular housing factory | 1,044,405 | - | 1,002,220 | 2,046,625 | 1,044,405 | - | 1,002,220 | - | - | - | - | - | 1,161,865 |
| Tendring Bikes & Cycle Infrastructure | - | - | 700,000 | 700,000 | - | - | 700,000 | - | 575,000 | 575,000 | - | - | 575,000 |
| Tindal Square, Chelmsford | - | - | - | - | - | - | - | - | 187,500 | 187,500 | - | - | 187,500 |
| Laindon Place | - | - | - | - | - | - | - | - | - | - | - | 395,000 | 395,000 |
| Kent | 4,544,191 | - | 10,395,516 | 17,120,376 | 4,544,191 | - | 12,576,185 | - | 3,869,428 | 3,869,428 | - | 769,000 | 5,673,543 |
| Digitally Connecting Rural Kent and Medway | - | - | 260,543 | 260,543 | - | - | 260,543 | 233,527 | 494,071 | 260,544 | - | 238,527 | 238,527 |
| Javelin Way Development | 578,724 | - | 289,362 | 578,724 | 578,724 | - | - | - | - | - | - | - | - |
| Romney Marsh Employment Hub | - | - | 1,564,000 | 1,564,000 | - | - | 1,564,000 | 493,116 | 884,116 | 391,000 | - | 493,117 | 884,117 |
| Thanet Parkway Railway Station | 1,760,741 | - | 1,219,561 | 6,514,388 | 3,162,699 | - | 3,351,689 | 1,371,152 | 2,209,074 | 837,922 | - | 1,371,152 | 2,209,074 |
| First and Second Floors, Building 500, Discovery Park, Sandwich | - | - | - | - | - | - | 550,000 | - | - | 550,000 | - | 1,500,000 | 1,500,000 |
| New Performing & Production Digital Arts Facility @ North Kent College | 2,459,825 | - | 357,563 | 2,102,262 | 2,459,825 | - | 357,563 | 2,788,195 | 3,192,744 | 404,549 | - | 3,557,187 | 3,297,397 |
| The Meeting Place Swanley | - | - | - | 211,949 | - | - | 211,949 | 319,515 | 372,502 | 52,987 | - | 319,512 | 372,499 |
| St George's Creative Hub | - | - | - | - | - | - | 323,204 | 323,204 | - | - | - | - | - |
| Medway | 4,799,290 | - | 2,397,179 | 11,231,866 | 6,201,248 | - | 5,030,618 | 6,078,709 | 7,475,711 | 1,397,002 | - | 7,479,495 | 8,501,614 |
| Britton Farm Redevelopment Learning, Skills & Employment Hub | 140,830 | - | 339,170 | 530,000 | 205,158 | - | 324,842 | 200,000 | 244,842 | 44,842 | - | 350,000 | 350,000 |
| Southend | 140,830 | - | 339,170 | 530,000 | 205,158 | - | 324,842 | 200,000 | 244,842 | 44,842 | - | 350,000 | 350,000 |
| Better Queensway | - | - | - | - | - | - | - | - | - | - | - | - | - |
| South Essex No Use Empty | - | - | 400,000 | 400,000 | - | - | 400,000 | 400,000 | 100,000 | - | 300,000 | 300,000 | 400,000 |
| Thurrock | - | - | 400,000 | 400,000 | - | - | 400,000 | 400,000 | 100,000 | - | 300,000 | 300,000 | 400,000 |
| LFFN | 944,068 | - | 55,932 | 1,000,000 | 946,218 | - | 53,782 | 400,000 | 236,456 | - | 163,544 | 400,000 | 513,445 |
| Transport and Logistics Institute | - | - | - | - | - | - | - | 300,000 | 300,000 | - | - | 300,000 | 300,000 |
| Thurrock | 944,068 | - | 55,932 | 1,000,000 | 946,218 | - | 53,782 | 700,000 | 536,456 | - | 163,544 | 700,000 | 813,445 |
| Unallocated funding | | | | | | | | | | | | | |
| Total | 11,713,659 | - | 15,174,464 | 35,227,907 | 13,552,373 | - | 21,675,534 | 9,313,837 | 14,039,510 | 4,725,673 | - | 11,348,495 | 18,588,765 |

| | 2021/22 | | | | | | | | | |
|--|------------|------------|------------|------------|------------|------------|-------------|----------------|----------------|------------------|
| Project Name | Q2 2021-22 | Q3 2021-22 | Q3 2021-22 | Q3 2021-22 | Q4 2021-22 | Q4 2021-22 | Q4 2021-22 | Total Baseline | Total Forecast | Total Difference |
| | Difference | Baseline | Forecast | Difference | Baseline | Forecast | Difference | 2021/22 | 2021/22 | 2021/22 |
| East Sussex | | | | | | | | | | |
| Fast Track Business Solutions for the Hastings Manufacturing Sector | - 300,000 | 250,000 | 1,150,000 | 900,000 | - | 350,000 | 350,000 | 3,250,000 | 3,500,000 | 250,000 |
| Restoring the Glory of the Winter Garden | 421,753 | - | 246,753 | 246,753 | 1,000,000 | 59,753 | - 940,247 | 1,000,000 | 1,022,236 | 22,236 |
| The Observer Building, Hastings (Phase 2) Option A | 215,177 | - | 281,573 | 281,573 | 799,000 | 281,572 | - 517,428 | 799,000 | 778,322 | - 20,678 |
| Charleston's access road: removing the barrier to growth | 89,293 | - | - | - | - | - | - | - | 89,293 | 89,293 |
| Creative Hub, 4 Fisher Street, Lewes | - | - | - | - | - | - | - | - | 106,884 | 106,884 |
| Riding Sunbeams Solar Railways | 705,802 | - | 1,090,302 | 1,090,302 | - | 420,303 | 420,303 | 185,128 | 2,527,500 | 2,342,372 |
| Sussex Innovation Falmer - Covid Secure adaptations- | 38,138 | - | - | - | - | - | - | - | 200,000 | 200,000 |
| UTC Maritime & Sustainable Technology Hub | - 70,000 | 250,000 | 345,000 | 95,000 | 250,000 | 635,743 | 385,743 | 1,000,000 | 1,300,000 | 300,000 |
| Essex | 1,100,163 | 500,000 | 3,113,628 | 2,613,628 | 2,049,000 | 1,747,371 | - 301,629 | 6,234,128 | 9,524,235 | 3,290,107 |
| Acceleration of full-fibre broadband deployment in very rural or very hard-to reach premises | - | - | - | - | - | 680,000 | 680,000 | - | 680,000 | 680,000 |
| Extension of the full-fibre broadband rollout in Essex to reach rural and hard to reach premises | - | - | - | - | - | 1,820,000 | 1,820,000 | - | 1,820,000 | 1,820,000 |
| Enterprise Centre for Horizon 120 Business Park | 1,508,144 | - | 1,508,144 | 1,508,144 | - | 1,508,146 | 1,508,146 | - | 6,032,578 | 6,032,578 |
| Harlow Library | 243,588 | - | 243,588 | 243,588 | 977,000 | 243,586 | - 733,414 | 977,000 | 974,350 | - 2,650 |
| Jaywick Market & Commercial Space | 493,000 | - | 493,000 | 493,000 | 1,801,027 | 493,000 | - 1,308,027 | 1,801,027 | 1,972,000 | 170,973 |
| Labworth Car Park, Canvey Island modernisation | - 280,722 | - | 93,278 | 93,278 | - | 93,278 | 93,278 | 374,000 | 373,112 | - 888 |
| Modus | - | - | - | - | - | - | - | - | - | - |
| Nexus | 400,000 | - | 400,000 | 400,000 | - | 400,000 | 400,000 | - | 1,600,000 | 1,600,000 |
| Remodelling of buildings at Harlow College to provide new 'T'-levels | 368,918 | - | 368,918 | 368,918 | 1,396,222 | 368,918 | - 1,027,304 | 1,396,222 | 1,475,672 | 79,450 |
| Rocheway | 247,250 | - | 123,625 | 123,625 | - | 123,627 | 123,627 | - | 494,502 | 494,502 |
| Swan modular housing factory | 1,161,865 | - | 1,161,865 | 1,161,865 | 2,483,375 | 1,161,865 | - 1,321,510 | 2,483,375 | 3,485,595 | 1,002,220 |
| Tendring Bikes & Cycle Infrastructure | 575,000 | - | 575,000 | 575,000 | 1,600,000 | 575,000 | - 1,025,000 | 1,600,000 | 2,300,000 | 700,000 |
| Tindal Square, Chelmsford | 187,500 | - | 187,500 | 187,500 | 750,000 | 187,500 | - 562,500 | 750,000 | 750,000 | - |
| Laindon Place | - | 197,500 | 197,500 | - | 197,500 | 197,500 | - | 790,000 | 790,000 | - |
| Kent | 4,904,543 | 197,500 | 5,352,418 | 5,154,918 | 9,205,124 | 7,852,420 | - 1,352,704 | 10,171,624 | 22,747,809 | 12,576,185 |
| Digitally Connecting Rural Kent and Medway | - | 743,027 | 743,027 | - | 814,528 | 814,527 | - 1 | 2,029,609 | 2,290,152 | 260,543 |
| Javelin Way Development | - | - | - | - | - | - | - | - | - | - |
| Romney Marsh Employment Hub | 391,000 | 493,116 | 884,116 | 391,000 | 493,117 | 884,117 | 391,000 | 1,972,466 | 3,536,466 | 1,564,000 |
| Thanet Parkway Railway Station | 837,922 | 1,371,152 | 2,209,074 | 837,922 | 1,371,156 | 2,209,079 | 837,923 | 5,484,612 | 8,836,301 | 3,351,689 |
| First and Second Floors, Building 500, Discovery Park, Sandwich | - | 450,000 | 450,000 | - | - | 550,000 | 550,000 | 2,500,000 | 2,500,000 | - |
| New Performing & Production Digital Arts Facility @ North Kent College | - 259,790 | 3,013,925 | 2,389,717 | - 624,208 | 840,227 | 962,113 | 121,886 | 10,199,534 | 9,841,971 | - 357,563 |
| The Meeting Place Swanley | 52,987 | 319,512 | 372,499 | 52,987 | 319,512 | 372,500 | 52,988 | 1,278,051 | 1,490,000 | 211,949 |
| St George's Creative Hub | - | - | - | - | - | - | - | 323,204 | 323,204 | - |
| Medway | 1,022,119 | 6,390,732 | 7,048,433 | 657,701 | 3,838,540 | 5,792,336 | 1,953,796 | 23,464,272 | 28,818,094 | 5,353,822 |
| Britton Farm Redevelopment Learning, Skills & Employment Hub | - | 400,000 | 540,000 | 140,000 | 510,000 | 650,000 | 140,000 | 1,460,000 | 1,784,842 | 324,842 |
| Southend | - | 400,000 | 540,000 | 140,000 | 510,000 | 650,000 | 140,000 | 1,460,000 | 1,784,842 | 324,842 |
| Better Queensway | - | - | - | - | 4,200,000 | 4,200,000 | - | 4,200,000 | 4,200,000 | - |
| South Essex No Use Empty | 100,000 | 100,000 | 555,000 | 455,000 | - | 145,000 | 145,000 | 800,000 | 1,200,000 | 400,000 |
| Thurrock | 100,000 | 100,000 | 555,000 | 455,000 | 4,200,000 | 4,345,000 | 145,000 | 5,000,000 | 5,400,000 | 400,000 |
| LFFN | 113,445 | 400,000 | 553,881 | 153,881 | 300,000 | 250,000 | - 50,000 | 1,500,000 | 1,553,782 | 53,782 |
| Transport and Logistics Institute | - | - | - | - | - | - | - | 600,000 | 600,000 | - |
| Thurrock | 113,445 | 400,000 | 553,881 | 153,881 | 300,000 | 250,000 | - 50,000 | 2,100,000 | 2,153,782 | 53,782 |
| Unallocated funding | | | | | | | | | 1,018,865 | |
| Total | 7,240,270 | 7,988,232 | 17,163,360 | 9,175,128 | 20,102,664 | 20,637,127 | 534,463 | 48,430,024 | 71,447,627 | 23,017,603 |

| Project Name | Total Baseline | Total Forecast | Total Difference |
|--|-------------------|-------------------|------------------|
| | Both years | Both years | Both years |
| East Sussex | | | |
| Fast Track Business Solutions for the Hastings Manufacturing Sector | 3,500,000 | 3,500,000 | - |
| Restoring the Glory of the Winter Garden | 1,600,000 | 1,600,000 | - |
| The Observer Building, Hastings (Phase 2) Option A | 1,713,000 | 1,713,000 | - |
| Charleston's access road: removing the barrier to growth | 89,293 | 89,293 | - |
| Creative Hub, 4 Fisher Street, Lewes | 250,000 | 250,000 | - |
| Riding Sunbeams Solar Railways | 2,527,500 | 2,527,500 | - |
| Sussex Innovation Falmer - Covid Secure adaptations- | 200,000 | 200,000 | - |
| UTC Maritime & Sustainable Technology Hub | 1,300,000 | 1,300,000 | - |
| Essex | 11,179,793 | 11,179,793 | - |
| Acceleration of full-fibre broadband deployment in very rural or very hard-to reach premises | 680,000 | 680,000 | - |
| Extension of the full-fibre broadband rollout in Essex to reach rural and hard to reach premises | 1,820,000 | 1,820,000 | - |
| Enterprise Centre for Horizon 120 Business Park | 7,000,000 | 7,000,000 | - |
| Harlow Library | 977,000 | 977,000 | - |
| Jaywick Market & Commercial Space | 1,972,000 | 1,972,000 | - |
| Labworth Car Park, Canvey Island modernisation | 700,000 | 700,000 | - |
| Modus | 1,960,000 | 1,960,000 | - |
| Nexus | 1,600,000 | 1,600,000 | - |
| Remodelling of buildings at Harlow College to provide new 'T'-levels | 1,500,000 | 1,500,000 | - |
| Rocheway | 713,000 | 713,000 | - |
| Swan modular housing factory | 4,530,000 | 4,530,000 | - |
| Tendring Bikes & Cycle Infrastructure | 2,300,000 | 2,300,000 | - |
| Tindal Square, Chelmsford | 750,000 | 750,000 | - |
| Laindon Place | 790,000 | 790,000 | - |
| Kent | 27,292,000 | 27,292,000 | - |
| Digitally Connecting Rural Kent and Medway | 2,290,152 | 2,290,152 | - |
| Javelin Way Development | 578,724 | 578,724 | - |
| Romney Marsh Employment Hub | 3,536,466 | 3,536,466 | - |
| Thanet Parkway Railway Station | 11,999,000 | 11,999,000 | - |
| First and Second Floors, Building 500, Discovery Park, Sandwich | 2,500,000 | 2,500,000 | - |
| New Performing & Production Digital Arts Facility @ North Kent College | 12,301,796 | 12,301,796 | - |
| The Meeting Place Swanley | 1,490,000 | 1,490,000 | - |
| St George's Creative Hub | 323,204 | 323,204 | - |
| Medway | 35,019,342 | 35,019,342 | - |
| Britton Farm Redevelopment Learning, Skills & Employment Hub | 1,990,000 | 1,990,000 | - |
| Southend | 1,990,000 | 1,990,000 | - |
| Better Queensway | 4,200,000 | 4,200,000 | - |
| South Essex No Use Empty | 1,200,000 | 1,200,000 | - |
| Thurrock | 5,400,000 | 5,400,000 | - |
| LFFN | 2,500,000 | 2,500,000 | - |
| Transport and Logistics Institute | 600,000 | 600,000 | - |
| Thurrock | 3,100,000 | 3,100,000 | - |
| Unallocated funding | 1,018,865 | 1,018,865 | - |
| Total | 85,000,000 | 85,000,000 | - |

Appendix B - GBF Programme Risks (High Risks only)

| Risk | Description | Risk Impact | Risk Probability | Overall Risk | Mitigation |
|--|--|-------------|------------------|--------------|---|
| Usual mitigations for stalled projects not viable | Given the limited timescales available for the GBF Programme, and there only being 9 months remaining, the usual mitigation for reallocating funding from stalled projects to other projects on the GBF pipeline doesn't resolve the pressure to spend the full GBF allocation by March 2022. | 4 | 5 | 20 | <p>Engagement with scheme promoters of projects remaining on the project pipeline to understand delivery timescales.</p> <p>Engagement with Central Government to understand their position regarding retaining GBF funding against the projects post March 2022.</p> <p>Potential options for management of funding allocated to stalled projects to be presented to the Board.</p> |
| Resource to deliver GBF projects | There is a risk to the availability of resource to deliver GBF projects, as a result of remote working, sickness and as a result of resources being redeployed to support critical services within local authorities. This is likely to result in project delays but also creates a risk to the oversight of projects. | 4 | 4 | 16 | <p>As part of the business case, SELEP ask scheme promoters to confirm they have the resources available to deliver the project. SELEP Ltd have also made this a requirement within the SLA and so risks to delivery of the projects would be monitored and reported to the Board.</p> <p>Projects are also still allowed to continue project delivery past the March 2022 deadline as long as the GBF allocation to projects has been spent.</p> |
| Operational budgets | Given the current financial climate, there may be financial challenges to the future operation of GBF projects by the private sector, including Higher Education Institutions and Further Education providers. As well as impacting the delivery stage of the projects, this is also likely to impact the operation of the projects once delivered and impact the scale/pace to benefits realisation through the project. | 4 | 4 | 16 | <p>As part of the business case assessment, scheme promoters are required to provide information about the commercial operation of the project post delivery.</p> <p>Any changes to the feasibility of projects to proceed will be monitored and reported to the Board.</p> |
| Risk to meeting 31 March 2022 deadline | There was a £12.587m slippage in project spending for 2020/21 creating a requirement for more spend in 2021/22. This slippage could mean that projects now cannot spend their allocation by the March 2022 deadline. | 3 | 5 | 15 | <p>Monitoring and oversight by Accountability Board.</p> <p>Pipeline developed. Alternative investments identified if existing project is unable to proceed.</p> <p>Board asked to agree the approach to managing risk of GBF spend beyond 31 March 2022</p> |
| Affordability of GBF projects | There may be delays to the delivery of GBF projects due to COVID-19, with an impact on the total cost of GBF projects. In addition, the second national lockdown may place greater financial strain of those partners due to provide contributions to the delivery of the projects. This could create a funding gap. The impact of COVID-19 on project costs and availability of local funding sources may impact the affordability of GBF projects. | 3 | 5 | 15 | <p>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 GBF projects.</p> |

Appendix B - GBF Programme Risks (High Risks only)

| Risk | Description | Risk Impact | Risk Probability | Overall Risk | Mitigation |
|---|--|--------------------|-------------------------|---------------------|--|
| Failure of third-party organisations to deliver GBF projects | 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 GBF projects. If the external organisations experience financial difficulty and are unable to deliver GBF projects, it may not be possible to recover the GBF from these organisations should they enter administration. This would result in local authorities being responsible for repaying abortive costs to SELEP. | 5 | 3 | 15 | SELEP encourages local authorities to complete additional financial checks prior to entering into contract or transferring GBF to third party organisations and to ensure clear processes are in place for the oversight of GBF projects delivered by third party organisations. |
| Delivery of GBF project benefits | The economic impact of COVID-19 is likely to reduce the benefits achieved through GBF investment, or at least slow the pace of benefit realisation. This could reduce the value for money achieved through the delivery of the GBF programme. | 3 | 5 | 15 | Any changes to benefits achieved through GBF investment will be monitored and reported to the Board and decisions will need to be made as to whether projects still offer high value for money. Any changes will also need to be agreed with Central Government. |
| Supply Chain Risk | Private sector companies within the supply chain may be vulnerable to the current economic situation, particularly as the furlough scheme ends. If companies go into financial difficulty or liquidation, this will impact project delivery timescales and costs. | 4 | 3 | 12 | SELEP encourages local authorities to complete additional financial checks for contractors and sub-contractors prior to entering into any new contracts and reviewing the financial position as part of the contract management for existing contracts. |

| Appendix C - Getting Building Fund Delivery and Risk | | | | | | | | | | | | |
|--|---------------------------------------|---|---|-------------------------------------|--|----------------|------------------------------------|----------------------------|----------------------------------|---|---|--------------------|
| Project | Deliverability | | | | | Financial | | | | | | |
| | Accountability Board approval | Delivery Status | Expected completion date (as stated in Business Case) | Expected completion date (May 2021) | Months delay incurred (since original Business Case) | GBF Allocation | Actual GBF spend to end of 2020/21 | Forecast GBF spend 2021/22 | Financials RAG rating (May 2021) | Deliverability risk RAG rating (May 2021) | Reputational risk RAG rating (May 2021) | Overall (May 2021) |
| East Sussex | | | | | | | | | | | | |
| Fast Track Business Solutions for the Hastings Manufacturing Sector | Oct-20 | Awaiting completion of back-to-back grant agreement | 31/10/2021 | 29/04/2022 | 5 | £3,500,000 | £0 | £3,500,000 | 3 | 3 | 3 | 3 |
| Restoring the Glory of the Winter Garden | Oct-20 | Construction in progress | 01/05/2022 | 01/05/2022 | 0 | £1,600,000 | £577,764 | £1,022,236 | 2 | 2 | 1 | 2 |
| The Observer Building, Hastings (Phase 2) Option A | Oct-20 | Construction in progress | 31/03/2022 | 31/03/2022 | 0 | £1,713,000 | £934,678 | £778,322 | 1 | 1 | 1 | 1 |
| Charleston's access road: removing the barrier to growth | Nov-20 | Paused until additional GBF funding approved | 31/03/2021 | 01/10/2021 | 6 | £89,293 | £0 | £89,293 | 2 | 1 | 1 | 1 |
| Creative Hub, 4 Fisher Street, Lewes | Nov-20 | Construction in progress | 30/06/2021 | 30/06/2021 | 0 | £250,000 | £143,116 | £106,884 | 1 | 2 | 1 | 1 |
| Riding Sunbeams Solar Railways | Nov-20 | Awaiting completion of back-to-back grant agreement | 30/03/2022 | 30/03/2022 | 0 | £2,527,500 | £0 | £2,527,500 | 3 | 3 | 2 | 3 |
| Sussex Innovation Falmer - Covid Secure adoptions | Nov-20 | Construction in progress | 31/03/2021 | 31/07/2021 | 4 | £200,000 | £0 | £200,000 | 2 | 3 | 2 | 2 |
| UTC Maritime & Sustainable Technology Hub | Nov-20 | Delayed | 31/03/2022 | 31/03/2022 | 0 | £1,300,000 | £0 | £1,300,000 | 3 | 3 | 1 | 2 |
| Charleston's access road: removing the barrier to growth - additional GBF ask | June 2021 (subject to Board decision) | Approval pending | 31/03/2022 | 31/03/2022 | 0 | £240,542 | £0 | £240,542 | 1 | 1 | 1 | 1 |
| Essex | | | | | | | | | | | | |
| Acceleration of full-fibre broadband deployment in very rural or very hard-to reach premises | Oct-20 | Awaiting decision from other Government Department | 30/06/2021 | 31/03/2022 | 9 | £680,000 | £0 | £680,000 | 3 | 3 | 3 | 3 |
| Extension of the full-fibre broadband rollout in Essex to reach rural and hard to reach premises | Oct-20 | Awaiting decision from other Government Department | 31/12/2021 | 31/03/2022 | 3 | £1,820,000 | £0 | £1,820,000 | 3 | 3 | 3 | 3 |
| Enterprise Centre for Horizon 120 Business Park | Nov-20 | Construction in progress | 30/06/2022 | 30/06/2022 | 0 | £7,000,000 | £967,422 | £6,032,578 | 2 | 2 | 2 | 2 |
| Harlow Library | Nov-20 | Not due on site | 31/10/2021 | 31/10/2021 | 0 | £977,000 | £2,650 | £974,350 | 3 | 3 | 2 | 3 |
| Jaywick Market & Commercial Space | Nov-20 | Conditions outstanding | 31/03/2022 | 31/03/2022 | 0 | £1,972,000 | £0 | £1,972,000 | 4 | 3 | 3 | 3 |
| Labworth Car Park, Canvey Island modernisation | Nov-20 | Construction in progress | 30/06/2021 | 30/06/2021 | 0 | £700,000 | £326,888 | £373,112 | 1 | 1 | 1 | 1 |
| Modus | Nov-20 | Delivered | 31/03/2021 | 31/03/2021 | 0 | £1,960,000 | £1,960,000 | £0 | 1 | 1 | 1 | 1 |
| Nexus | Nov-20 | Construction in progress | 30/06/2021 | 30/06/2021 | 0 | £1,600,000 | £0 | £1,600,000 | 1 | 2 | 1 | 1 |

| Project | Deliverability | | | | | Financial | | | | | | |
|--|---------------------------------------|---|---|-------------------------------------|--|----------------|------------------------------------|----------------------------|----------------------------------|---|---|--------------------|
| | Accountability Board approval | Delivery Status | Expected completion date (as stated in Business Case) | Expected completion date (May 2021) | Months delay incurred (since original Business Case) | GBF Allocation | Actual GBF spend to end of 2020/21 | Forecast GBF spend 2021/22 | Financials RAG rating (May 2021) | Deliverability risk RAG rating (May 2021) | Reputational risk RAG rating (May 2021) | Overall (May 2021) |
| Remodelling of buildings at Harlow College to provide new 'T'-levels | Nov-20 | Construction in progress | 31/03/2021 | 31/03/2022 | 12 | £1,500,000 | £24,328 | £1,475,672 | 2 | 2 | 2 | 2 |
| Rocheway | Nov-20 | Construction in progress | 31/12/2022 | 31/12/2022 | 0 | £713,000 | £218,498 | £494,502 | 1 | 1 | 1 | 1 |
| Swan modular housing factory | Nov-20 | Construction in progress | 31/03/2024 | 31/03/2024 | 0 | £4,530,000 | £1,044,405 | £3,485,595 | 2 | 2 | 2 | 2 |
| Tendring Bikes & Cycle Infrastructure | Nov-20 | Construction in progress | 31/02/2022 | 31/02/2022 | 0 | £2,300,000 | £0 | £2,300,000 | 3 | 2 | 2 | 2 |
| Tindal Square, Chelmsford | Nov-20 | Awaiting works by Essex Highways | 31/03/2022 | 31/03/2022 | 0 | £750,000 | £0 | £750,000 | 3 | 3 | 3 | 3 |
| Laindon Place | Mar-21 | Conditions outstanding | 31/03/2022 | 31/03/2022 | 0 | £790,000 | £0 | £790,000 | 4 | 3 | 3 | 3 |
| Kent | | | | | | | | | | | | |
| Digitally Connecting Rural Kent and Medway | Sep-20 | Project in progress | 31/03/2022 | 31/03/2022 | 0 | £2,290,152 | £0 | £2,290,152 | 1 | 1 | 1 | 1 |
| Javelin Way Development | Nov-20 | Construction in progress | 17/03/2022 | 17/03/2022 | 0 | £578,724 | £578,724 | £0 | 1 | 1 | 1 | 1 |
| Romney Marsh Employment Hub | Nov-20 | Construction in progress | 28/02/2022 | 28/02/2022 | 0 | £3,536,466 | £0 | £3,536,466 | 1 | 1 | 1 | 1 |
| Thanet Parkway Railway Station | Nov-20 | Construction in progress | 31/03/2022 | 31/03/2022 | 0 | £11,999,000 | £3,162,699 | £8,836,301 | 2 | 1 | 1 | 1 |
| First and Second Floors, Building 500, Discovery Park, Sandwich | Nov-20 | Construction in progress | 03/07/2021 | 03/07/2021 | 0 | £2,500,000 | £0 | £2,500,000 | 1 | 1 | 1 | 1 |
| New Performing & Production Digital Arts Facility @ North Kent College | Nov-20 | Construction in progress | 28/02/2022 | 28/02/2022 | 0 | £12,301,796 | £2,459,825 | £9,841,971 | 1 | 1 | 1 | 1 |
| The Meeting Place Swanley | Nov-20 | Construction in progress | 31/05/2022 | 31/05/2022 | 0 | £1,490,000 | £0 | £1,490,000 | 1 | 1 | 1 | 1 |
| St George's Creative Hub | Mar-21 | Awaiting completion of back-to-back grant agreement | 30/06/2021 | 30/06/2021 | 0 | £323,204 | £0 | £323,204 | 1 | 1 | 1 | 1 |
| Medway | | | | | | | | | | | | |
| Britton Farm Redevelopment Learning, Skills & Employment Hub | Sep-20 | Construction in progress | 31/03/2022 | 31/03/2022 | 0 | £1,990,000 | £205,158 | £1,784,842 | 1 | 1 | 1 | 1 |
| Innovation Park Medway - Sustainable City of Business | June 2021 (subject to Board decision) | Approval pending | 31/03/2022 | 31/03/2022 | 0 | £778,323 | £0 | £778,323 | 1 | 2 | 2 | 2 |
| Southend | | | | | | | | | | | | |
| Better Queensway | Nov-20 | Construction in progress | 31/03/2034 | 31/03/2034 | 0 | £4,200,000 | £0 | £4,200,000 | 1 | 1 | 1 | 1 |
| South Essex No Use Empty | Nov-20 | Project in progress | 31/03/2022 | 31/03/2022 | 0 | £1,200,000 | £0 | £1,200,000 | 1 | 1 | 1 | 1 |

| Project | Deliverability | | | | | Financial | | | | | | |
|-----------------------------------|-------------------------------|------------------------|---|-------------------------------------|--|----------------|------------------------------------|----------------------------|----------------------------------|---|---|--------------------|
| | Accountability Board approval | Delivery Status | Expected completion date (as stated in Business Case) | Expected completion date (May 2021) | Months delay incurred (since original Business Case) | GBF Allocation | Actual GBF spend to end of 2020/21 | Forecast GBF spend 2021/22 | Financials RAG rating (May 2021) | Deliverability risk RAG rating (May 2021) | Reputational risk RAG rating (May 2021) | Overall (May 2021) |
| Thurrock | | | | | | | | | | | | |
| LFFN | Oct-20 | About to start rollout | 28/02/2022 | 28/02/2022 | 0 | £2,500,000 | £946,218 | £1,553,782 | 1 | 1 | 1 | 1 |
| Transport and Logistics Institute | Nov-20 | On site | 27/08/2021 | 27/08/2021 | 0 | £600,000 | £0 | £600,000 | 1 | 1 | 1 | 1 |

| | |
|---|----------------------|
| Report title: Getting Building Fund funding decisions | |
| Report to: Accountability Board | |
| Report author: Katherine Wyatt, SELEP Capital Programme Officer | |
| Meeting date: 2 July 2021 | For: Decision |
| Enquiries to: katherine.wyatt@southeastlep.com | |
| SELEP Partner Authority affected: Medway and 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 £1,018,865 Getting Building Fund (GBF) to the Innovation Park Medway – Sustainable City of Business and Accessing Charleston: Removing the barrier to growth Projects as set out in Appendix B.

2. Recommendations

- 2.1. The Board is asked to:
- 2.1.1. **Agree** the award of £778,323 GBF to the Innovation Park Medway – Sustainable City of Business Project which has been assessed as presenting High value for money with High/Medium certainty of achieving this;
- 2.1.2. **Agree** the award of an additional £240,542 GBF to the Accessing Charleston: Removing the barrier to growth Project which has been assessed as presenting High value for money with Low/Medium certainty of achieving this. This funding is an extension to the funding previously approved at the November 2020 Board meeting.

3. Background

- 3.1. In July 2020, a package of 34 projects totalling £85m was agreed with Government for GBF investment.
- 3.2. After the withdrawal of the Gray's Shopping Centre project and a reduction in the GBF ask for the North Kent College project, the Strategic Board agreed to reallocate funding to the St. George's Creative Hub and Laindon Place projects, however there remained £1.019m of unallocated GBF funding.
- 3.3. At the Strategic Board meeting in March 2021, a pipeline of GBF projects was agreed. The Strategic Board identified the Innovation Park Medway – Sustainable City of Business and Accessing Charleston: Removing the barrier to growth projects as the two highest priorities to support the investment of the £1.019m unallocated GBF. A ranked list of projects was

also agreed, which identifies the next projects to proceed if further GBF is returned to SELEP through the cancellation of existing GBF projects from the programme.

- 3.4. Business Cases have been developed for the Innovation Park Medway – Sustainable City of Business and Accessing Charleston: Removing the barrier to growth projects and they have been subject to assessment by the Independent Technical Evaluator (ITE) against the requirements of the SELEP Assurance Framework.

4. Case for Investment – Innovation Park Medway – Sustainable City of Business

- 4.1. Table 1 provides an overview of the Innovation Park Medway – Sustainable City of Business project with more detailed information presented in Appendix C and in the project Business Case.

Table 1: Overview of the Innovation Park Medway – Sustainable City of Business project

| | |
|---|--------------------------------|
| GBF allocation: £778,323 | Total project cost: £1,009,000 |
| <p>Key project benefits as stated in the Business Case:</p> <ul style="list-style-type: none"> • 310 new GVA gross operational jobs, plus construction jobs which will be delivered in 2021; • Accelerate the delivery of circa 3,000 high GVA jobs and up to 101,000m² of commercial space; • Alongside the core infrastructure, which is currently funded by LGF, the Runway Park will attract future occupants; • Encourage businesses to occupy the site where they can benefit from being within an Enterprise Zone due to the reinvestment of rates. Investment will support enhanced land values and unlock further phases of delivery of high-quality commercial space and high GVA jobs; • Development of the IPM will encourage uplift in investment in surrounding industrial estates in Medway. Investment in these sites will prevent the buildings falling into disrepair and will as a result safeguard jobs which already exist in Medway; • Creation of additional jobs within the private sector will reduce the reliance of Medway's economy on the public sector; • IPM will contribute towards the development of the Thames Gateway through accelerated delivery of growth in jobs. | |

- 4.2. The vision for the Innovation Park Medway (IPM) site includes Runway Park, which is intended to become the signature open space for the site, offering distinctive character areas which will provide a series of flexible spaces designed to accommodate a range of activities. GBF funding is being sought to enable delivery of one section of the Runway Park. The GBF funding will be used to deliver pavements and footpaths, planting, street furniture and preparatory ground works.
- 4.3. The Runway Park will establish itself as the forum for collaboration, bringing businesses and individuals together in the public realm to foster an innovative spirit. The high-quality open space will be key to attracting investors and retaining skilled staff. Early delivery of Runway Park will enable businesses to interact with the wider community and will add to the marketability of the site.

Getting Building Fund funding decisions

- 4.4. Delivery of the GBF project will maximise job creation across the whole of the site and will generate further productivity gains in Medway as an additional number of high value businesses are able to locate in the area sooner, increasing the number of businesses with the potential to realise enterprise zone benefits.
- 4.5. The project seeks to strengthen the performance of the local economy, to create jobs in order to secure growth and prosperity, and to realise the potential of the area whilst ensuring the operational longevity of Rochester Airport.
- 4.6. This Project is part of a wider package of SELEP investment in IPM, totalling £11.047m (including the GBF funding under consideration in this report). This funding will:
- 4.6.1. enable reconfiguration of Rochester Airport to release the land required for the development of IPM;
 - 4.6.2. deliver improvements to the airport infrastructure to help safeguard the future of the airport;
 - 4.6.3. bring forward delivery of enabling infrastructure, including access road, shared footpath/cycle route and utility infrastructure on both the northern (main part of the IPM site) and the southern sites of IPM.
- 4.7. A breakdown of the split of this funding can be seen below in Table 2.

Table 2: SELEP Funding allocations to support delivery of the wider Innovation Park Medway Project

| Funding Tranche and Type | Status | Total Allocation £m |
|--|--|----------------------------|
| Rochester Airport Phase 1 (LGF) (Funding approved June 2016) | Works progressing onsite. Completion now expected November 2021 following delays caused by archaeological finds. | 4.400 |
| Innovation Park Medway Northern Site Phase 2 (LGF) (Funding approved February 2019) | Archaeological surveys being undertaken. 28 day self-certification application made against the approved Local Development Order (LDO) during week commencing 14 th June 2021. Completion now expected July 2022 following delays whilst awaiting the adoption of the LDO. | 3.700 |
| Innovation Park Medway Northern Site Phase 3 (LGF) (Funding approved July 2020) | Archaeological surveys being undertaken. 28 day self-certification application made against the approved LDO during week commencing 14 th June 2021. Completion now expected July 2022 following delays whilst awaiting the adoption of the LDO. | 1.519 |

Getting Building Fund funding decisions

| | | |
|--|--|---------------|
| Innovation Park Medway Southern Site enabling works (GPF Loan) (Funding approved September 2018) | 28 day self-certification application made against the approved LDO during week commencing 31 st May 2021. Completion now expected in September 2021 following delays whilst awaiting the adoption of the LDO. | 0.650 |
| Innovation Park Medway - Runway Park (GBF) (Funding request as set out in this report) | 28 day self-certification application made against the approved LDO during week commencing 14 th June 2021. Completion expected in March 2022. | 0.778 |
| Total* | | 11.047 |

*Of which £10.269m has been approved to date.

4.8. The GBF investment will ensure that this part of the development is carried out at the same time as the enabling infrastructure works funded through the Local Growth Fund removing the need for further demobilisation/mobilisation costs. These works will be complete by the end of March 2022.

4.9. Table 3 below shows the breakdown of the funding package for this project (£m):

| Funding Source | 2021/22 | Total |
|-----------------------|----------------|--------------|
| Getting Building Fund | 0.778 | 0.778 |
| Local Authority Match | 0.231 | 0.231 |
| Totals | 1.009 | 1.009 |

4.10. There are four main risks to Project delivery, as set out below. Mitigation measures are in place to reduce the likelihood of these risks materialising and the impact on the Project if they do occur. Further details and mitigation measures applied to these risks are set out in Appendix C.

- 4.10.1. Benefits are not realised – there remains a risk that businesses will choose not to build their premises on the IPM site. Whilst it is noted that significant interest has been expressed in the site to date with 20 companies making ‘serious’ enquiries, no formal contracts have been agreed with businesses to locate at the site at this stage.
- 4.10.2. Unexpected finds during the construction process – during the delivery of the LGF funded works at Rochester Airport there have been a number of archaeological finds which have delayed progress. Whilst detailed surveys and studies have been carried out throughout the design process to identify any potential issues, there remains a risk that unexpected finds will be made during the construction process which risk delaying project completion beyond 31 March 2022.
- 4.10.3. Risk of COVID-19 related delays to project delivery – as with all construction projects, there remains a risk that the delivery programme will be adversely

impacted as a result of the requirement to implement appropriate social distancing and other safety measures in line with Government guidance.

- 4.10.4. Planning permission is not granted for development on the site – whilst planning has not yet been secured to enable delivery of the GBF funded works, a robust Local Development Order has now been adopted by both Medway Council and Tonbridge and Malling Borough Council (the IPM site straddles the border between the two Local Authority Areas) for the IPM site.
- 4.10.5. The Local Development Order (LDO) specifies that applications for development at the site will be determined through the submission of a Self-Certification Form which confirms that the proposed development is compliant with the LDO. Following receipt and validation of the Self-Certification Form, written confirmation of compliance (or non-compliance) with the LDO will be issued by the Local Planning Authority within 28 days. If the proposed development is deemed to be compliant with the LDO then the development can be taken forward.
- 4.10.6. The self-certification process for the GBF funded works was initiated during week commencing 14th June 2021, and is considered to be low risk.

4.11. Table 4 provides a list of the milestones for the Project.

| Key Milestones | Description | Indicative Date |
|---------------------------------|--|-----------------------------------|
| Planning | Local Development Order for the site adopted. | December 2020 |
| Planning | Applicant to submit self-certification form which will be considered within 28 days under the terms of the Local Development Order | July 2021 |
| Land disposal | Marketing to dispose of individual plots to high GVA businesses | July 2021 |
| Delivery of site infrastructure | Delivery of access roads and utilities funded by LGF | July 2021 – March 2022 |
| Runway Park | Delivery of Runway Park, landscaping and public realm | July 2021 – March 2022 |
| Occupation and development | Private business construction and occupation on the site | Initial occupation – 2022 onwards |

5. Outcome of the ITE assessment

- 5.1. The Strategic Case for the Project aligns with the objectives of the Getting Building Fund. The scheme will accelerate the delivery of up to 3,000 high GVA jobs, with the Runway Park itself directly enabling the creation of 310 operational jobs. The Economic Case within the Business Case focusses on the additional benefits realised as a result of the Getting Building Fund investment.
- 5.2. A proportionate and robust economic appraisal of the scheme costs and benefits has been undertaken assessing the GVA increase stimulated by the scheme. This bespoke assessment approach, aligned with Green Book principles, uses assumptions from the former Homes and Communities Agency's The Additionality Guide. This assessment shows the scheme to have a benefit cost ratio of 5.3:1 which falls within a "very high" value for

money categorisation. While this approach is not strictly in line with HM Treasury's The Green Book, it is considered that this remains an appropriate appraisal methodology as the scheme's intended outcomes are job creation rather than land value uplift.

- 5.3. Reasonable assumptions have been used to populate the scheme appraisal and a reasonable and robust programme has been provided. It is noted that planning permission has not yet been secured. although a Local Development Order has been adopted which provides an easier route through the planning process. It is recommended that the Board consider the current planning position and the risk that this poses to certainty of deliverability before deciding whether or not to approve funding for the scheme. Any delay in securing the required planning consent may present a risk to the delivery of the Project by 31 March 2022. Due to the planning risk, this has been assessed as offering a High/Medium level of certainty.

6. Case for Investment – Accessing Charleston: Removing the barrier to growth, East Sussex

- 6.1. Table 5 provides an overview of the Accessing Charleston: Removing the barrier to growth project, with more detailed information presented in Appendix D and in the project Business Case.

Table 5: Overview of the Accessing Charleston: Removing the barrier to growth project

| | |
|---|------------------------------|
| GBF allocation (as set out in this report): £240,542 GBF allocation (approved in November 2020): £89,293 Total GBF allocation: £329,835 | Total project cost: £339,835 |
| <p>Key project benefits as stated in the Business Case:</p> <ul style="list-style-type: none"> • Improvement in visitor experience at Charleston; • Growth in repeat attendance at Charleston to be identified and tracked from post visit feedback information; • Reduction of 100% in negative visitor feedback about access and vehicle damage; • Secure 5 posts in events and visitor services and a further 3 posts with Charleston's catering partner; • Future potential to introduce sustainable transport to Charleston and the South Downs National Park via a regular minibus as the track is currently not suitable (subject to future funding of such a service). | |

- 6.2. The Charleston access road is currently in very poor condition and visitors to Charleston frequently suffer from punctures or struggle to navigate the track. Unfortunately, this often deters visitors from returning to the site.
- 6.3. To help address this issue, in November 2020, the Board approved the award of £89,293 GBF to deliver improvement works to the access road leading to Charleston. The GBF funding was sought to enable the delivery of additional drainage along the access road, alongside works to widen and resurface the track.
- 6.4. The Project originally requested a larger GBF allocation and therefore there was an identified risk that the full range of planned works and intended benefits would not be realised through the initial £89,293 GBF. Additional GBF funding was sought through the GBF project pipeline process to enable completion of a wider package of works.

Getting Building Fund funding decisions

6.5. Following agreement of the project pipeline by Strategic Board, a further £240,542 GBF is now being sought to increase the scope of works to include an additional 1km cycle route and full completion of the upgrading of the access road.

6.6. Table 6 below shows the breakdown of the funding package for this project (£m):

| Funding Source | 2021/22 | Total |
|-----------------------------------|----------------|--------------|
| Getting Building Fund 2nd Tranche | 0.241 | 0.241 |
| Getting Building Fund 1st Tranche | 0.089 | 0.089 |
| Benefit in Kind | 0.010 | 0.010 |
| Totals | 0.340 | 0.340 |

6.7. The £0.01m Benefit in Kind included within the funding package relates to the estimated value of the project management support provided by Firle Estate as the landowner.

6.8. As this Project has been in development since the original GBF funding allocation was approved by the Board in November 2020, there are no remaining significant risks to project delivery. As with all construction projects, there remains a risk that the delivery programme could be adversely impacted by the ongoing measures to prevent the spread of COVID-19 but plans are in place to minimise any impact on the programme and to ensure that project planning and delivery can progress unhindered.

6.9. Further details of identified risks and their associated mitigations can be found in Appendix D.

7. Outcome of the ITE assessment

7.1. The project has been assessed as presenting High value for money with a Low/Medium level of certainty. The low/medium level of certainty over the value for money case is due to a full economic appraisal having not been undertaken for this project.

7.2. The project has a GBF ask of less than £2m and is therefore being considered under value for money exemption 1 as set out in the SELEP Assurance Framework.

7.3. For projects to satisfy value for money exemption 1, the following five conditions must be met by each project:

7.3.1. The project has a Benefit Cost ratio greater than 1.5:1, or the project benefits are notoriously difficult to appraise in monetary terms; and

7.3.2. The funding sought from SELEP Ltd is less than £2m; and

7.3.3. To conduct further quantified and monetised economic appraisal would be disproportionate to the capital funding ask; and

7.3.4. There is an overwhelming strategic case (with minimal risk in other cases of the Business Case); and

7.3.5. There are qualitative benefits which, if monetised, would most likely increase the benefit-cost ration to above 2:1.

- 7.4. The Report from the ITE indicates that the strategic case for the Project is compelling, demonstrating clear alignment with the objectives of the GBF. The scheme will generate growth in repeat visits to Charleston Trust stimulating increased GVA of the local visitor economy. It supports the Green Recovery by making Charleston more safely accessible by bicycle. The scheme promoter acknowledges that the impact of COVID-19 means that visitor numbers will be affected in the coming year but, growth in UK domestic tourism will boost visitor numbers to Charleston and providing safe access to the site is integral to that.
- 7.5. Identification of the likely economic impacts of the scheme has indicated 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.
- 7.6. To demonstrate deliverability, a programme has been provided which indicates that spend of the GBF allocation and implementation of the scheme will be completed before March 2022.
- 7.7. The Board are asked to consider the risk that a lack of full, monetised benefit cost analysis presents before determining whether to approve funding for the scheme.

8. Financial Implications (Accountable Body comments)

- 8.1. 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 Getting Building Funding for 2021/22 from MHCLG in May 2021 of £42.5m. The GBF allocation of £85m has now been received in full.
- 8.2. Essex County Council as Accountable Body to SELEP, is responsible for ensuring that the GBF funding is utilised in accordance with the conditions set out by Government for use of the Grant.
- 8.3. All GBF will be transferred to the sponsoring authority under the terms of a Funding Agreement or SLA.
- 8.4. The Agreements 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.
- 8.5. Should the Board approve the award of GBF as per the recommendations of this report at 2.1.1 and 2.1.2, a variation agreement will be put in place to the existing GBF service level agreement (SLA) in place between the Accountable Body, SELEP Ltd and the lead authority.
- 8.6. The Accountable Body will not transfer GBF awarded by the Board until the variation agreement is complete.

9. Legal Implications (Accountable Body comments)

- 9.1. The terms set out in the grant conditions between the Accountable Body and Central Government for the Getting Building Fund will set out how the GBF is to be administered and used. If the recommendation to award funding to the projects is approved, a variation

agreement will be put into place between the Accountable Body, SELEP Ltd and the lead authority.

10. Equality and Diversity Implications

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

10.1.1. Eliminate unlawful discrimination, harassment and victimisation and other behaviour prohibited by the Act

10.1.2. Advance equality of opportunity between people who share a protected characteristic and those who do not.

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

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

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

11. List of Appendices

11.1. Appendix A – Report of the Independent Technical Evaluator (as attached to Item 12)

11.2. Appendix B – GBF funding awards

11.3. Appendix C – Innovation Park Medway Project Information

11.4. Appendix D – Charleston Access Road Project Information

12. List of Background Papers

12.1. [Innovation Park Medway Business Case](#)

12.2. [Charleston Access Road Business Case](#)

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

| Role | Date |
|--|------------|
| Accountable Body sign off Stephanie Mitchener Page 203 of 271 (on behalf of Nicole Wood, S151 Officer, Essex County Council) | 24/06 2021 |

Appendix B - Summary of GBF projects seeking funding approval

| Name of Project | Sponsoring Upper Tier | S151 officer sign off received | ITE - Recommend? | Secretariat Recommend? | VFM | Certainty | BCR | Total GBF - £ |
|---|-----------------------|--------------------------------|------------------|------------------------|------|-------------|----------------|------------------|
| Innovation Park Medway - Sustainable City of Business | Medway | Yes | Yes | Yes | High | High/Medium | 5.3:1 | 778,323 |
| Accessing Charleston: Removing the barrier to growth | East Sussex | Yes | Yes | Yes | High | Low/Medium | Not calculated | 240,542 |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| Total GBF Recommended for Approval | | | | | | | | 1,018,865 |

Appendix C – Getting Building Fund Project Background Information

| | |
|---|---|
| Name of Project | Innovation Park Medway (IPM) – Sustainable City of Business Rochester Airport Medway Council |
| Getting Building Fund value | £778,323 |
| Description of what Project delivers | <p>The vision for the IPM site includes Runway Park, which is intended to become the signature open space for the site, offering distinctive character areas which will provide a series of flexible spaces designed to accommodate a range of activities.</p> <p>GBF funding is being sought to enable delivery of one section of the Runway Park. The GBF funding will be used to deliver pavements and footpaths, planting, street furniture and preparatory ground works.</p> <p>The Runway Park will establish itself as the forum for collaboration, bringing businesses and individuals together in the public realm to foster an innovative spirit. The high-quality open space will be key to attracting investors and retaining skilled staff. Early delivery of Runway Park will enable businesses to interact with the wider community and will add to the marketability of the site.</p> |
| Need for Intervention | <p>IPM presents an important opportunity to help shape the economic future of the region and has been on Medway Council's regeneration agenda for a significant period of time. The core ambitions for Medway Council and Tonbridge & Malling Borough Council are to strengthen the performance of the local economy, to create jobs in order to secure growth and prosperity, and to realise the potential of the area whilst ensuring the operational longevity of Rochester Airport.</p> <p>This site is designated as employment land within the existing Local Plan 2003, with a vision to develop a science and technology park to operate alongside the working airfield. This project will bring this aspiration closer to reality through delivering the infrastructure required to encourage development on this site. Businesses looking to relocate to this site will be led by the Innovation Park Medway Masterplan, and a design code as part of a Local Development Order, both of which will be driven by the council's long-term visions for the site.</p> <p>Key project SMART objectives include:</p> <ul style="list-style-type: none"> • Delivering the Runway Park to facilitate and support the development of IPM. These works will make the site attractive to businesses looking to relocate to Medway, allowing the site to be brought forward more quickly. • Bring forward high quality jobs in line with the vision for the site. • To demonstrate Medway Council's ongoing commitment to developing a centre for high quality business, science, and technology development. |

| | | | |
|--------------------------------------|---|-------------------|--|
| | <ul style="list-style-type: none"> Continue to attract investment for growth in the South East, in line with SELEP's over-arching ambition, by providing innovative workspaces. <p>The award of GBF funding to support delivery of the Project will ensure that it is possible for the first part of Runway Park to be delivered at the same time as the LGF funded enabling infrastructure works at the site. This will remove the need for demobilisation and remobilisation and the additional costs this will incur.</p> | | |
| Project benefits | 310 new GVA gross operational jobs, plus construction jobs which will be delivered in 2021 | | |
| | Accelerate the delivery of circa 3,000 high GVA jobs and up to 101,000m ² of commercial space | | |
| | Alongside the core infrastructure, which is currently funded by LGF, the Runway Park will attract future occupants | | |
| | Encourage businesses to occupy the site where they can benefit from being within an Enterprise Zone due to the reinvestment of rates. Investment will support enhanced land values and unlock further phases of delivery of high-quality commercial space and high GVA jobs | | |
| | Development of the IPM will encourage uplift in investment in surrounding industrial estates in Medway. Investment in these sites will prevent the buildings falling into disrepair and will as a result safeguard jobs which already exist in Medway | | |
| | Creation of additional jobs within the private sector will reduce the reliance of Medway's economy on the public sector | | |
| | IPM will contribute towards the development of the Thames Gateway through accelerated delivery of growth in jobs | | |
| Financial Information | Funding Source | Amount, £ | Constraints, Dependencies and mitigations |
| | GBF | £778,323 | In order to ensure delivery by the end of March 2022, Medway Council have chosen to scope and procure the project at risk. The increasingly uncertain international and national economic situation further underlines the need for high quality commercial space and the Runway Park would raise the stakes for the area against competition from London and other areas. |
| | Medway Council | £230,677 | Local Authority match is funded through borrowing against business rates and capital receipts to be reinvested in the site. There is a risk that income is not realised, however, this is a low risk given the interest expressed in the site to date. |
| | Total | £1,009,000 | |
| Project constraints and risks | Risk | | Mitigation |
| | Planning permission is not granted for development on the site due to challenge | | A robust LDO has been adopted for Innovation Park Medway. Approval is now through a 28-day self-certification process. This is therefore considered a low risk and the impact is not significant. |
| | No/fewer private sector businesses | | Significant interest has been expressed in the site to date with at least 20 companies making |

| | | |
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| | are interested in building on the site | “serious” enquiries, prior to any active marketing exercise taking place. |
| | Benefits are not realised | The benefits have been estimated using best practice guidance from UK Government Departments built on hard evidence from schemes developed previously. The impacts will be monitored closely over time to ensure they are being realised. The team engaged to deliver and manage the works have many years’ experience on multiple similar projects, and the construction phase will be closely managed to deliver a quality product that will allow the land to be released to deliver the employment space, whilst providing jobs and learning and skills opportunities. |
| | Unknowns when undertaking works | Detailed surveys and studies have been carried out throughout the design process for all phases of work to identify any risks at an early stage and mitigate these within the programme. A watching brief will be implemented for such risks so that the importance of any finds can be determined quickly to avoid significant impacts to the programme. Early archaeological investigations are being undertaken prior to commencement of works. |
| | COVID-19 risk of delays to delivery | Delivery phases can be planned with appropriate COVID-19 recovery measures to enable construction with appropriate social distancing in line with Government guidance. |
| Options consideration | A list of three options has been considered in the Business Case and justification has been provided as to why the preferred option has been selected. | |
| Project Timeline | Key Milestone/Deliverable | Date Completed |
| | Local Development Order for the site adopted | December 2020 |
| | Applicant to submit self-certification form which will be considered within 28 days under the terms of the Local Development Order. | July 2021 |
| | Marketing to dispose of individual plots to high GVA businesses. | July 2021 |
| | Delivery of access roads and utilities funded by LGF | July 2021 – March 2022 |
| | Delivery of Runway Park, landscaping, and public realm | July 2021 – March 2022 |
| | Private business construction and occupation on the site. | Initial occupation – 2022 onwards |
| Outcome of ITE Review | <p>The project has been assessed as offering High value for money with High/Medium certainty of achieving this.</p> <p>For additional information, please refer to the Report of the Independent Technical Evaluator (as attached to Agenda Item 12).</p> | |
| Evidenced compliance with Assurance Framework? | <p>Yes, the project does meet the requirements of the SELEP Assurance Framework.</p> <p>Page 208 of 271</p> | |

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| Link to Project webpage | https://www.southeastleap.com/project/innovation-park-medway-sustainable-city-of-business/ |
|--------------------------------|---|

Appendix D – Getting Building Fund Project Background Information

| | |
|---|--|
| Name of Project | <p>Accessing Charleston: Removing the barrier to growth</p> <p>Charleston, Firle, East Sussex</p> <p>East Sussex County Council</p> |
| Getting Building Fund value | <p>Total GBF allocation - £329,835</p> <p>Original GBF allocation (November 2020) - £89,293</p> <p>Additional GBF allocation - £240,542</p> |
| Description of what Project delivers | <p>Charleston is an artists' house and studio museum of international significance in the heart of the South Downs National Park in East Sussex and home to the renowned Charleston Festival.</p> <p>The access track is currently in a poor condition due to drainage issues which have led to a broken surface with cracks and large potholes. The poor quality of the access track discourages visitors from making repeat visits to Charleston and impacts on the ability of Charleston to grow their events and festivals programme.</p> <p>The project will address these issues by:</p> <ul style="list-style-type: none"> • Delivering a new drainage ditch and clearance of existing ditches; • Widening of the road to allow additional passing spaces; • Installation of improved drainage culverts under the road; • Rebuilding of the road surface. <p>The new road will be designated as a cycle way into the South Downs National Park and as a bridleway.</p> |
| Need for Intervention | <p>The site is accessed via a farm track which is collapsing and riddled with potholes and large cracks. Visitors frequently face punctures or drive into the ditch trying to navigate the access. There is significant visitor feedback to indicate that visitors are discouraged from repeat visits due to the poor quality of access and expensive repairs. The restricted access to the site limits Charleston's ability to grow their events and festivals programme.</p> <p>The need for this work has been pressing for many years, however, Charleston were unable to secure funding for a full upgrade of the road as part of the wider £7.6m Centenary Project redevelopment, although the redevelopment did allow for some remedial repairs to be carried out alongside a widening of the road at the point where it joins the entrance to the new car park at Charleston.</p> <p>Now Charleston has reopened, and visitor numbers have increased, the repairs to the access road are becoming increasingly urgent as the poor quality of the access road represents a barrier to further growth.</p> |
| Project benefits | <p>Improvement in visitor experience at Charleston</p> <p>Growth in repeat attendance at Charleston to be identified and tracked from post visit feedback information</p> <p>Reduction of 100% in negative visitor feedback about access and vehicle damage</p> |

| | | | |
|-------------------------------|---|-----------|---|
| | Secure 5 posts in events and visitor services and a further 3 posts with Charleston's catering partner | | |
| | Future potential to introduce sustainable transport to Charleston and the South Downs National Park via a regular minibus as the track is currently not suitable (subject to future funding of such a service) | | |
| Financial Information | Funding Source | Amount, £ | Constraints, Dependencies and mitigations |
| | Getting Building Fund (Tranche 2) | £240,542 | Subject to Board decision |
| | Getting Building Fund (Tranche 1) | £89,293 | Getting Building Funding awarded in November 2020 which will be combined with the requested funding to provide a complete replacement of the road surface |
| | Benefit in Kind | £10,000 | Estimated value of project management support provided by Firle Estate as the landowner |
| | Total | £339,835 | |
| Project constraints and risks | Risk | | Mitigation |
| | Delays in appointing contractor resulting in additional costs and delays | | Preferred contractor already identified through costed quotes and discussions ongoing regarding delivery programme |
| | Delays to project due to COVID-19 | | COVID-19 contingency plans to be agreed with contractors to minimise any impact on project delivery |
| Options consideration | A list of four options has been considered in the Business Case and justification has been provided as to why the preferred option has been selected. | | |
| Project Timeline | Key Milestone/Deliverable | | Date Completed |
| | Detailed Design and development of detailed specification for the works | | January/February 2021 |
| | Appointment of contractor – ongoing discussions to confirm exact specification of works and final project cost | | March 2021 |
| | Initial works to resurface the part of the road from the access track into the car park. | | June 2021 |
| | This work can be completed while the access road remains open and will not require a temporary road. | | |
| | Excavation of existing road and subbase, removal and recycling of concrete, creation of drainage channels under the road and construction of a new road surface to a depth of 250mm. The access road will need to be closed to all traffic whilst this work is carried out and a temporary | | Works commence July 2021 after funding decision. |

| | | |
|---|--|------------------------|
| | <p>road allowing access to Charleston car park will be put in place for duration of the works.</p> <p>Works are expected to take up to 8-12 weeks to allow time for concrete to fully cure (depending on agreed finish)</p> | |
| | Project completion | September 2021 onwards |
| Outcome of ITE Review | <p>The project has been assessed as offering High value for money with Low/Medium certainty of achieving this.</p> <p>The project is subject to value for money exemption 1 as set out in the SELEP Assurance Framework.</p> <p>For additional information, please refer to the Report of the Independent Technical Evaluator (as attached to Agenda Item 12).</p> | |
| Evidenced compliance with Assurance Framework? | <p>Yes, the project does meet the requirements of the SELEP Assurance Framework.</p> <p>A full monetised economic appraisal has not been undertaken; however, the project complies with value for money exemption 1 as set out in the SELEP Assurance Framework.</p> | |
| Link to Project webpage | https://www.southeastlep.com/project/accessing-charleston-removing-the-barrier-to-growth/ | |

Forward Plan reference number: FP/AB/412

| | |
|---|----------------------|
| Report title: Growing Places Fund Update | |
| Report to: Accountability Board | |
| Report author: Helen Dyer, SELEP Capital Programme Manager | |
| Date: 2 July 2021 | For: Decision |
| Enquiries to: 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.

2. Recommendations

- 2.1 The Board is asked to:
- 2.1.1 **Note** the updated position on the GPF programme;
 - 2.1.2 **Approve** the revised repayment schedule for the Eastbourne Fisherman's Quay and Infrastructure Development project and agree that, despite repayments not being made in line with the original repayment schedule, no interest will be charged on the loan;
 - 2.1.3 **Note** the change to the drawdown schedule for the Colchester Northern Gateway project and the ongoing uncertainty regarding whether the remaining £650,000 funding is still required to support project delivery;
 - 2.1.4 **Note** the presumed risk to the repayment schedule for the Colchester Northern Gateway project; and
 - 2.1.5 **Note** the ongoing identified risk to the repayment schedule for the Centre for Advanced Engineering project.

3. Background

- 3.1 In total, £49.21m GPF was made available to SELEP for investment as a recyclable loan scheme. To date, GPF has either been invested or has been allocated for investment in a total of 28 capital infrastructure projects. In addition, a small proportion of GPF revenue funding was allocated to Harlow Enterprise Zone (£1.244m) and a further £2m was ring-fenced to support the

activities of SELEP's Sector Working Groups (known as the Sector Support Fund); as agreed by the Strategic Board.

- 3.2 In June 2020, the Strategic Board took the decision to repurpose £10m of the GPF funding to enable delivery of interventions which will support economic recovery post COVID-19. Subsequent to this decision being taken by the Strategic Board, HM Government confirmed the payment of the final third of SELEP's 2020/21 LGF allocation thereby releasing the £3.6m of GPF funding which had been repurposed to underwrite the risks associated with the change in approach regarding the payment by Government of LGF funding to LEP's. This funding has now been returned to the GPF pot for reinvestment in pipeline projects.
- 3.3 Quarterly updates are provided to the Board on the latest position of the GPF projects in terms of delivery progress, realisation of project benefits and any risks to the repayment of the GPF loans.

4. Current Position

COVID-19 Impacts

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

Cash Flow Position

- 4.4 Through the latest round of GPF reporting, significant risks to repayment schedules for five projects have been identified predominantly as a result of the impact of the COVID-19 pandemic. The GPF repayment schedules are set out in Appendix B.
- 4.5 Scheme promoters have been working to understand the impacts of COVID-19 on their projects and their intended repayment mechanism since the onset of the COVID-19 pandemic. To date, COVID-19 related revised repayment schedules have been approved by the Board in relation to nine GPF projects. A further revised repayment schedule for the Eastbourne Fisherman's Quay and Infrastructure Development project has been brought forward for Board consideration and is set out within this report. Furthermore, as outlined in Sections 7 and 8 of this report, it is expected that revised repayment

schedules for the Centre for Advanced Engineering and Colchester Northern Gateway projects will be presented to the Board during the course of 2021/22.

- 4.6 In addition, high repayment risks have been flagged against the Workspace Kent and Javelin Way development projects. Whilst the Board have approved revised repayment schedules for both projects, significant repayment risks still exist. As the Board have previously been informed, Kent County Council received paperwork regarding an Individual Voluntary Arrangement (IVA) in relation to one of their loan recipients on the Workspace Kent programme. A Proof of Debt form was submitted by Kent County Council and the outcome of the IVA process was awaited. The latest project update indicates that the company who received the defaulted £37,000 loan has now been dissolved and that all possible routes for recovering the outstanding balance have been explored. As a result, Kent County Council have written the £18,767 balance of the loan off as a bad debt. The implications for the full repayment of the GPF loan are not yet clear but a further update will be provided to the Board in September 2021.
- 4.7 The intended repayment mechanism for the Javelin Way development project is through income generated through the sale of the industrial units being delivered as part of the Project. As the Board were made aware in February 2021, it is now intended that the industrial units will be rented to tenants in the short-term whilst awaiting the recovery of the property sales market. As a result of the ongoing COVID-19 situation, there remains a risk that the revised repayment schedule which requires repayment to commence in 2023/24 will not be achievable. The recovery of the property sales market will continue to be monitored and the Board will be updated accordingly.
- 4.8 Table 1 below sets out the current cash flow position based on the planned GPF investment and the GPF available for re-investment through loan repayments. The cash flow is based on the assumption that the next two projects on the GPF pipeline (Table 2) – Cockle Wharf and Observer Building Tranche 2 receive Board approval during the course of 2021/22. The Board are asked to consider the award of funding to the Observer Building under Agenda Item 16.
- 4.9 The cash flow demonstrates that repayments in 2020/21 were made in line with the agreed repayment schedules.
- 4.10 Repayments forecast for 2021/22 reflect revised repayment schedules approved by the Board since July 2020 but exclude forecast repayments against the Colchester Northern Gateway and Centre for Advanced Engineering projects in light of the repayment risks outlined within this report. The cash flow assumes that the revised repayment schedule for the Eastbourne Fisherman's Quay and Infrastructure Development project set out within this report is approved by the Board.

Table 1: GPF Cash Flow Position

| £ | 2020/21 | 2021/22 |
|---|------------|------------|
| GPF available at the outset of year | 25,347,202 | 15,817,202 |
| GPF funding repurposed | 6,400,000 | - |
| GPF available for investment | 18,947,202 | 15,817,202 |
| GPF Round 1 planned investments | 0 | 0 |
| GPF Round 2 planned investments | 2,405,000 | 650,000 |
| GPF Round 3 planned investments | 5,320,000 | 12,016,500 |
| Position before GPF repayments are made | 11,222,202 | 3,150,702 |
| GPF repayments expected | 4,595,000 | 4,239,042 |
| Carry forward | 15,817,202 | 7,389,744 |

- 4.11 As shown in Table 1 total GPF drawdown of £12.6665m is forecast for 2021/22. Sufficient GPF funding is currently being held to meet these drawdown requirements. It is expected that by the end of 2021/22 all Round 1 and 2 GPF projects will have drawn down their full allocation of funding. The drawdown schedule for the GPF programme is set out in Appendix C.
- 4.12 The remaining £1.85m GPF allocated to the top 9 projects on the amended GPF project pipeline will be drawn down between 2022/23 and 2023/24 as set out in Appendix C. This funding has been ring-fenced for investment in those projects and will therefore not be included in any funding available for reinvestment so as to safeguard the GPF investment in those projects prioritised by Strategic Board.

Growing Places Fund Round 3 Projects

- 4.13 Since the initial agreement of the GPF prioritised project pipeline in June 2020, the first seven projects have been brought forward for consideration of funding approval by the Board. The current funding status of each project on the pipeline is set out in Table 2.

Table 2: GPF prioritised pipeline of projects

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

- 4.14 There is sufficient GPF funding currently available to support investment in the Leigh Port Quay Wall and Observer Building, Hastings (Tranche 2) Projects in 2021/22. As set out in Table 2, a funding decision is sought in relation to the Observer Building project at this meeting under Agenda Item 16.

5. Growing Places Fund Project Delivery to Date

- 5.1 A deliverability and risk update is provided for each GPF project in Appendix A. A high repayment risk has been identified for the Eastbourne Fisherman's Quay and Infrastructure Development project. A proposed revised repayment schedule for the project is set out within this report (section 6).
- 5.2 The Colchester Northern Gateway project has been flagged as high risk with regard to GPF spend, repayment and the overall project risk. Further information on this risk is set out in Section 7 of this report.
- 5.3 As indicated in Section 4 of this report, high repayment risks have also been flagged against the Workspace Kent and Javelin Way projects. The uncertainty regarding whether full repayment of the GPF loan will be achievable has also resulted in Workspace Kent having a High overall risk rating.

- 5.4 As set out in Section 8 of this report, there is an identified high risk to the repayment schedule for the Centre for Advanced Engineering project. In addition, due to a lack of reporting with regard to the benefits realised as a result of the Project, delivery of project outcomes is also flagged as High risk. The combination of these two factors has resulted in the overall project being considered as high risk.
- 5.5 Thirteen GPF projects have now been completed, with the benefits of this infrastructure investment starting to be realised. It is reported that 2,641 jobs have been delivered through investment in commercial space and new business premises, as set out in Appendix D.
- 5.6 Additional benefits are expected to be delivered through the completion of the remaining GPF projects and through the follow-on investment which has been unlocked through the infrastructure delivered with GPF investment. It is expected in many cases that there will be a time lag between spend of the GPF investment and benefit realisation due to the use of the GPF funding to enable wider development at the project location.
- 5.7 A RAG rating is being used, on Appendix D, to assess how the completed projects are progressing towards delivering the jobs and homes outcomes stated within the Business Case. To date, it can be seen that the No Use Empty Commercial project has exceeded the number of jobs stated within the project Business Case, and that the Charleston Centenary project has met the forecast jobs figure for the project.
- 5.8 The North Queensway project has been completed, however, due to slower uptake of land than originally anticipated no jobs outcomes have been delivered to date. Steps are being taken by the scheme promoter to accelerate development at the site, however, the timetable for delivery of the proposed enabling works has been negatively impacted by the COVID-19 pandemic.
- 5.9 There are also a number of completed projects which are demonstrating progress towards meeting the outcomes defined in the Business Case but have not yet reached the forecast, including Harlow West Essex and Fitted Rigging House.
- 5.10 Due to the COVID-19 pandemic a number of projects have raised risks in relation to the realisation of these benefits. In most cases it is expected that the project benefits will still be realised, however, this is now likely to be over a longer time period than originally anticipated. This is for a number of reasons including extended construction programmes, likely impact on the tourism sector, uncertainty regarding the effect on the property sales and rental market and the as yet unknown long-term impact on the economy and the viability of businesses. This will continue to be monitored as scheme promoters gain a clearer understanding of the wider economic impacts of the ongoing COVID-19 pandemic.

6. Eastbourne Fisherman's Quay and Infrastructure Development project – revised repayment schedule

- 6.1 The Eastbourne Fisherman's Quay and Infrastructure Development Project was awarded £1.15m GPF in December 2017. The funding was awarded to support the build of a Fisherman's Quay in Sovereign Harbour, to develop local seafood processing infrastructure to support long term sustainable fisheries and the economic viability of Eastbourne's inshore fishing fleet.
- 6.2 The project encountered a number of issues which significantly delayed progress. However, following resolution of these issues, work commenced onsite on 27th July 2020 and the project completed in April 2021.
- 6.3 £1,000,000 of European Maritime and Fisheries Fund (EMFF) grant funding has been secured to support the delivery of the project. The grant must be claimed in arrears and therefore the majority of the GPF funding is being used as a bridging loan.
- 6.4 The delivery of the Project has been impacted by materials shortages and extended delivery timescales as a result of COVID-19 and Brexit impacts. The latest project update indicates that efforts have been made to source as much of the equipment and machinery required as possible from within the United Kingdom to seek to minimise delays, however, British supply chains have been adversely impacted as a result of materials shortages. Where it has been necessary to source items from Europe, delays have been experienced – particularly when sourcing cold store machinery and materials.
- 6.5 Delays in obtaining the materials and equipment required have resulted in a delay to the drawdown of the EMFF grant, as the funding cannot be applied until equipment and materials have been installed. The delay in drawing down the grant has impacted on the cash flow for the project and the ability to meet the agreed repayment schedule.
- 6.6 If the build of Phase 2 of the Project, supported through £1.44m LGF investment, is subject to similar delays then it is likely that there will be insufficient funding available to support the repayment of £675,000 scheduled for 2021/22. It is proposed that the repayments scheduled for 2021/22 (£675,000) and 2022/23 (£250,000) are switched around as a commitment to a lower repayment in 2021/22 will ensure that there is sufficient cash flow to support the build of Phase 2 in 2021/22 and to make the intended GPF repayment.
- 6.7 This proposed change to the repayment schedule does not pose a risk to the repayment of the GPF loan, it is purely a measure to manage cashflow to ensure that Phase 2 of the Project is delivered to programme allowing the project benefits to be realised.
- 6.8 The proposed revised repayment schedule is set out in Table 3 below.

Table 3: Proposed revised repayment schedule for the Eastbourne Fisherman's Quay and Infrastructure Development Project

| £m | 2020/21 | 2021/22 | 2022/23 | Total |
|--------------------|---------|---------|---------|-------|
| Repayment schedule | | | | |
| Current | 0.225 | 0.675 | 0.250 | 1.150 |
| Revised | 0.225 | 0.250 | 0.675 | 1.150 |

7. Colchester Northern Gateway – revised drawdown schedule and risk to repayment

- 7.1 In February 2018, the Board approved the award of £2m GPF to support the delivery of the Colchester Northern Gateway project. The Project was designed to support the creation of a high quality, highly sustainable housing, employment, and leisure destination at one of the primary gateways to the town centre, including works to relocate the existing Colchester Rugby club site to release the land required for the development.
- 7.2 The primary purpose of the GPF funding was to bridge the cash flow funding gap to enable the relocation of the Colchester Rugby Club to a new mixed sports facility, thereby releasing the land required for the planned development.
- 7.3 In February 2021, the Board were made aware that the Project had experienced significant delays in regard to finalising the required legal agreements, which had resulted in no GPF funding being drawn down against the Project. In addition, a repayment risk was identified as under the current repayment schedule full repayment is expected in 2021/22, which in light of the delays experienced seemed unrealistic.
- 7.4 At the end of March 2021, the required legal agreement between SELEP Ltd, Essex County Council (as Accountable Body) and Essex County Council (as local partner) was completed. To enable the completion of this agreement, a variation agreement updating the terms of the agreement between Essex County Council (as local partner) and Colchester Borough Council was implemented. The implementation of the variation agreement was significantly delayed due to a lack of engagement from Colchester Borough Council.
- 7.5 Following the completion of the required legal agreements, the initial £1.35m GPF was transferred from Essex County Council (as Accountable Body) to Essex County Council (as local partner). Essex County Council (as local partner) had previously provided £1.35m to Colchester Borough Council under the terms of their original agreement, however, due to the lack of an agreement between Essex County Council (as Accountable Body) and Essex County Council (as local partner) it wasn't possible for this funding to be drawn down from SELEP until the end of March 2021.
- 7.6 At the time of the funding decision, the Board were informed that the GPF allocated to the Project would be drawn down in 2018/19 (£1.35m) and 2019/20 (£650,000). A number of revised drawdown schedules have been considered by the Board in the intervening period whilst work has been

ongoing to address the outstanding issues with the required legal agreement. The latest drawdown schedule considered by the Board showed full drawdown of the funding in 2020/21, a delay of two years compared to the schedule set out in the Business Case. It is understood that during this period delivery of the Project has continued in accordance with the Business Case and in line with the legal agreement originally put in place between Essex County Council (as local partner) and Colchester Borough Council.

- 7.7 It is assumed that the remainder of the GPF allocation will be drawn down in 2021/22, however, it is believed that the Project is complete and therefore it is unclear whether the remaining £650,000 GPF is still required. Essex County Council (as local partner) have sought clarification on this point from Colchester Borough Council but no response has been received to date. In the absence of an update on the delivery of the Project and confirmation of the need for the remaining GPF allocation, the Board are asked to note the amended drawdown schedule set out in Table 4 below.

Table 4: Revised drawdown schedule for the Colchester Northern Gateway project

| £m | 2020/21 | 2021/22 | Total |
|--------------------------|---------|---------|-------|
| Drawdown schedule | | | |
| Current | 2.00 | - | 2.00 |
| Revised | 1.35 | 0.65 | 2.00 |

- 7.8 As set out above, a repayment risk was also identified as, in accordance with the Board decision, full repayment is due in 2021/22 which in light of the delays experienced and the current position with regard to drawdown of the funding seems unrealistic.
- 7.9 It was originally intended that any change to the repayment schedule would be presented to the Board for consideration prior to the variation agreement between Essex County Council (as local partner) and Colchester Borough Council and the accompanying SELEP agreement being completed. However, despite repeated requests by Essex County Council officers no updates on the repayment schedule were provided by Colchester Borough Council and therefore the legal agreements require full repayment of the loan in 2021/22.
- 7.10 Following the completion of the legal agreements, further efforts have been made to obtain updates on the Project and the ability to fully repay the loan in 2021/22, however, no responses have been provided.
- 7.11 It is acknowledged that full repayment may be made in 2021/22 and that there may be no repayment risk, however, due to the continued lack of engagement and provision of updated information by the scheme promoter, the Project will continue to be reported as having a high repayment risk until information is provided to the contrary. The Board are asked to note this risk to the repayment schedule.

8. Centre for Advanced Engineering – risk to repayment schedule

- 8.1 The Board approved an award of £2m GPF funding to the Centre for Advanced Engineering project in December 2017.
- 8.2 South Essex College have delivered the new Centre for Advanced Engineering at their Eastwood Campus. The centre provides approximately 8,300sqm (Gross Internal Area) of space, with cutting edge facilities and workshops to support courses in engineering, motor vehicle maintenance and construction.
- 8.3 The Centre for Advanced Engineering has been operational since late 2018 and has supported South Essex College to deliver a range of practical courses.
- 8.4 The repayment schedule agreed at the time of the funding award requires full repayment of the GPF funding in 2021/22. However, as the Board were made aware in February 2021, South Essex College have indicated that this repayment schedule is no longer realistic due to the impacts of the COVID-19 pandemic. The college has experienced a significant reduction in income as a result of the pandemic, with affects particularly felt in relation to apprenticeships, commercial income and international/higher education income.
- 8.5 Discussions remain ongoing between Essex County Council and South Essex College regarding a realistic alternative repayment schedule and it is therefore expected that the Board will be asked to consider a revision to the previously agreed schedule in September 2021.
- 8.6 In the meantime, the Board are asked to note the continued risk to the repayment schedule for this project.

9. Financial Implications (Accountable Body Comments)

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

- 9.5 If any loan is confirmed by the lead County/Unitary Authority as not repayable in part or in full due to failure, or part failure, of the project, under the terms of the credit agreement with Essex County Council, 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 Project has failed and the funding cannot be recovered. The status of the at-risk projects and all GPF projects in train are being closely monitored by SELEP.
- 9.6 There is a continued risk that scheduled repayments by existing projects will not be made as planned due to difficulties experienced by projects as a result of COVID-19. At its June 2020 meeting, the Strategic Board agreed to offer flexibility to delay GPF repayments for existing projects due to the impact of COVID-19, therefore, there is a risk that there will be a further reduction in the amount of GPF repaid by existing projects in 2021/22.
- 9.7 In June 2020 the Strategic Board agreed to utilise the available GPF of £22.3m in 2020/21 (value is prior to scheduled repayments being made) in response to the COVID-19 pandemic and allocate £12m to a prioritised list of GPF projects. The pot has subsequently increased by £3.6m in August 2020 following the receipt of the final third of LGF from BEIS, and therefore LGF project allocations are fully funded, resulting in the contingency fund of £3.6m (table 1) no longer being required and automatically reallocated to invest in the GPF pipeline.
- 9.8 It is noted that actual delivery of jobs and homes reported to date remain out of line with the expected levels identified in the business cases for most completed projects and there has been some evaluation of why delivery of outcomes is lower than expected. This should continue to form part of the on-going monitoring with reasons for under delivery explained fully to the Board. This is critical due to the Covid-19 situation and to help monitor the economic impact of the crisis on the SELEP region and project outcomes. Where appropriate, these reviews should be used to inform future business case estimations of growth to ensure there is not a pattern of over-ambition.

10. Legal Implications (Accountable Body Comments)

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

11. Equality and Diversity implications (Accountable Body Comments)

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

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

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

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

12. List of Appendices

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

13. List of Background Papers

- 13.1 Strategic Board Agenda Pack 12th June 2020, including decision to repurpose an element of the GPF funding 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 Stephanie Mitchener (On behalf of Nicole Wood, S151 Officer, Essex County Council) | 24/06/2021 |

| Growing Places Fund Update Appendix A | | | | | | | | | | |
|---------------------------------------|----------------------------|-----------|---|---|---|---|---|---|-------------|--|
| Name of Project | Upper Tier Local Authority | GPF Round | Description | Current Status | Deliverability and Risk | | | | | |
| | | | | | Delivery Risk | GPF Spend Risk | Repayment Risk | Delivery of Project outcomes | Other Risks | Overall Project Risk |
| Colchester Northern Gateway | Essex | Round Two | This development is located at Cuckoo Farm, off Junction 28 of the A12. The overall scheme consists of: relocation of the existing Colchester Rugby club site to land north of the A12 which will unlock residential land for up to 560 homes, providing in total around 35% affordable units and on site infrastructure improvements facilitating the development of the Sports and Leisure Hub. | The project is complete. | There is no delivery risk as the project has been completed | £650,000 of the GPF funding is still to be drawn down. It is unknown if this funding is still required as the project is complete, and if it is required when it will be drawn down | Full repayment is due to be made in 2021/22. No update has been provided by the scheme promoter in relation to their ability to repay in accordance with this schedule, and therefore repayment risk is considered to be high. | Project outcomes will be delivered as per the Business Case | | Current status regarding the need for the remaining GPF funding is unclear. High repayment risk flagged due to lack of engagement by scheme promoter. |
| Centre for Advanced Engineering | Essex | Round Two | Development of a new Centre of Excellence for Advanced Automotive and Process Engineering (CAAPE) through the acquisition and fit out of over 8,000sqm, on an industrial estate in Leigh on Sea. The project will also facilitate the vacation of the Nethermayne site in Basildon, which has been identified for the development of a major regeneration scheme. | Phase 1 completed and operational for start of 2018/19 academic year including motor vehicle and engineering. Phase 2 was completed in November 2018, allowing student enrolment from December 2018. The project was completed on time, to quality and within the revised budget. | Project delivered | GPF funding spent in full | Scheme promoter has indicated that a revised repayment schedule will be needed as a result of the impacts of the COVID-19 pandemic. Discussions ongoing to finalise proposed revised repayment schedule. | No update provided on delivery of project outcomes. | | Risk to repayment schedule identified by scheme promoter. No update provided on delivery of project outcomes. |
| 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 has recently been approved for funding, two projects have been completed and have repaid in full and one project is meeting its repayment schedule. The remaining project has partially repaid the funding but the company has now been dissolved and there are no further means to recover the outstanding balance. | All GPF funding has now been allocated to approved projects | Spend of the remaining GPF funding is dependent upon the legal documentation being completed for the final project. | Kent County Council have offered all loan recipients a 12 month repayment holiday. A revised repayment schedule for the Project was agreed in November 2020. However, repayments are due to recommence in October which coincides with the end of the furlough scheme, so it is unclear what impact this will have on the projects. The recipient of one of the loans issued through this project has now been dissolved and all possible routes for recovering the outstanding balance have been explored. As a result, the balance on the loan has been written off as a bad debt. | Whilst the creation of some jobs has been delayed, the majority of the projects have remained on track to deliver in line with forecasts. However, the COVID-19 pandemic could result in further delays to job outcomes as loan recipients seek to safeguard their current workforce as they emerge from lockdown and try to recover and become more resilient. There is also a risk of job losses as a result of the impact of COVID-19. | | The award of the final loan has now been approved. The balance of one of the loans issued through the project has been written off as a bad debt following the exploration of all possible avenues to secure the recovery of the funds. |

| Growing Places Fund Update Appendix A | | | | | | | | | | |
|--|----------------------------|-----------|--|--|--|--|--|---|--|--|
| Name of Project | Upper Tier Local Authority | GPF Round | Description | Current Status | Deliverability and Risk | | | | | |
| | | | | | Delivery Risk | GPF Spend Risk | Repayment Risk | Delivery of Project outcomes | Other Risks | Overall Project Risk |
| 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. | <p>The project has secured Getting Building Fund investment of £578,724 to bridge a viability gap which has arisen as a result of COVID-19 impacts on the property market.</p> <p>Construction has now commenced onsite and it is expected that work will be completed in March 2022.</p> <p>Marketing of the industrial units is about to commence.</p> <p>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.</p> | <p>Construction has now commenced and it is expected that the works will be complete by March 2022.</p> <p>There is a risk that the construction programme may be adversely impacted if workers contract COVID-19. However, robust contingency plans are in place to mitigate this risk.</p> | Contractor has been appointed and work has commenced onsite. | <p>Repayment schedule is based on sales value of the industrial units before COVID-19. The repayment schedule will need to be deferred if sales values do not recover or if the expected sales programme is not met.</p> <p>Revised repayment schedule approved by the Board in February 2021, however, whilst the COVID-19 pandemic continues the repayment risk remains.</p> | Delivery of project outcomes may be delayed depending upon the impact of COVID-19 on the project, however, it is still expected that the project outcomes will be as set out in the Business Case. | | Project delivery has now commenced. However, the full impact of COVID-19 on the sales market of industrial units is not currently known and therefore a repayment risk still exists. |
| 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. | <p>Work commenced onsite on 27th July 2020 and an official ground breaking ceremony was held on 24th August.</p> <p>GPF funded element of the wider project has been completed</p> | Project delivered | GPF funding has been spent in full | Revised repayment schedule set out in the Board report. Revision needed due to the impacts of Brexit and COVID-19 on delivery programme and associated cash flow implications. | Project is now complete and outcomes have started to be realised | | <p>Project delivered.</p> <p>Change to repayment schedule requested to help manage cash flow implications of project delays due to Brexit and COVID-19</p> |
| 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. | <p>GPF invested, project complete and repayments are being made.</p> <p>Development of the site has been delayed as a result of challenges in securing planning consent for the commercial development due to concerns raised by statutory consultees, particularly in relation to drainage issues. To mitigate this issue, further site enabling works will now be delivered. These enabling works have been delayed as a result of the COVID-19 pandemic.</p> | Project Complete | Project complete and GPF funding spent in full | <p>The COVID-19 outbreak has impacted on the delivery of the additional site enabling works and on the sale of plots, resulting in the need for an amended repayment schedule.</p> <p>A revised repayment schedule was agreed by the Board in November 2020.</p> <p>There remains a risk that further repayment schedule changes may be required if adverse market conditions impact on uptake of plots.</p> | <p>Further site enabling works are being undertaken to mitigate planning risks which will encourage take up of plots on the site. These works have been delayed as a result of the COVID-19 pandemic.</p> <p>There remains a risk that adverse market conditions will impact on the uptake of plots at the site, which would further delay the realisation of any benefits at the site.</p> | COVID-19 has resulted in the need for additional safety measures to be considered when planning work onsite. | Delivery of the additional enabling works has been delayed by the COVID-19 pandemic. |

| Growing Places Fund Update Appendix A | | | | | | | | | | |
|---|----------------------------|-----------|--|--|---|---|---|--|--|---|
| Name of Project | Upper Tier Local Authority | GPF Round | Description | Current Status | Deliverability and Risk | | | | | |
| | | | | | Delivery Risk | GPF Spend Risk | Repayment Risk | Delivery of Project outcomes | Other Risks | Overall Project Risk |
| 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. | Project Complete | Project Complete | Revised repayment schedule agreed by the Board in November 2020. However, due to the COVID-19 pandemic, risks to repayment remain. There is a risk of a lack of demand for available units and longer than usual time required to secure re-let of units. High occupancy is required to secure refinancing of the building to support final repayment of the GPF funding. | There are risks to the realisation of Project outcomes due to the ongoing impacts of the COVID-19 pandemic. Existing tenants may choose to leave and issues may be encountered in re-letting any available units. | COVID-19 impacts - risk of business failures, loss of income and increased business rate charges on empty properties. There is ongoing uncertainty as to when the property market will recover post COVID-19, therefore meaning there is ongoing uncertainty regarding occupation of the building, realisation of Project outcomes and the ability to repay the outstanding GPF balance. | Current and future occupation of the building continues to be affected by the COVID-19 pandemic. |
| Innovation Park Medway (southern site enabling works) | Medway | Round Two | <p>The Project is part of a wider package of investment at Innovation Park Medway. The Innovation Park is one of three sites across Kent and Medway which together form the North Kent Enterprise Zone.</p> <p>The vision for Innovation Park Medway is to attract high GVA businesses focused on the technological and science sectors – particularly engineering, advanced manufacturing, high value technology and knowledge intensive industries. These businesses will deliver high value jobs in the area and will contribute to upskilling the local workforce. This is to be achieved through general employment and the recruitment and training of apprentices including degree-level apprenticeships through collaboration with the Higher Education sector.</p> <p>The Project will bring forward site enabling works on the southern site at the Innovation Park.</p> | <p>Demolition of the disused building is now complete.</p> <p>The Masterplan and Local Development Order (LDO) have now been adopted by both Medway Council and Tonbridge and Malling Borough Council.</p> <p>Following adoption of the LDO, the final design is currently being taken through the self-certification process and work is expected to start on site in July 2021. A planning decision should be obtained within 28 days of application validation.</p> <p>A contractor has been appointed to deliver the works.</p> | The LDO has now been adopted by Medway Council and Tonbridge and Malling Borough Council. The proposed works are now being considered through the self-certification process before work can commence onsite. | Full spend of the GPF funding was dependent upon adoption of the LDO. Now the LDO has been adopted by Medway Council, the works need to be considered through the self-certification process. Once approval has been obtained work can commence onsite, reducing the GPF spend risk. | Despite work not yet having commenced onsite due to the need for the LDO to be adopted, Medway Council have confirmed that they are comfortable with the current repayment schedule and the first repayment was made at the end of 2020/21 as agreed. | Now the LDO has been adopted, approval for the proposed works can be obtained. Once this approval is received, there will be minimal risk to the realisation of Project outcomes as there has been significant interest in the site. | There have been some delays to the delivery programme as a result of the COVID-19 pandemic. However, now the LDO has been adopted work on the Project can progress. | The LDO has been adopted by Medway Council, however, the proposed works still need to be approved through the self-certification process. Once this approval has been granted work can commence onsite. |
| 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. | <p>"Phase 1" has been completed. "Phase 2" is underway.</p> <p>A former school site was acquired on 1st April 2020, which contains a number of derelict homes that will be refurbished and brought back into use as family homes.</p> <p>Other poorly managed multiple occupancy dwellings and other poor quality building stock properties that accord with the loan agreement criteria are being refurbished to bring them back into use.</p> <p>Currently the GPF funding is being used to support the creation of 80 new homes. To date 53 units have been completed and occupied.</p> | 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. | <p>COVID-19 has impacted on the construction sector and the time required to return derelict homes back into use.</p> <p>In addition, it is unknown at present how much of an impact COVID-19 will have on sales values of the new homes.</p> <p>A revised repayment schedule was agreed by the Board in November 2020.</p> | 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. | <p>The impact on the construction industry continues to present a challenge to the delivery of the Project in accordance with the expected timetable.</p> <p>Revised repayment schedule which reflects the delays now faced by the Project agreed in November 2020.</p> |

| Growing Places Fund Update Appendix A | | | | | | | | | |
|---------------------------------------|----------------------------|-------------|--|---|--|--|--|--|---|
| Name of Project | Upper Tier Local Authority | GPF Round | Description | Current Status | Deliverability and Risk | | | | |
| | | | | | Delivery Risk | GPF Spend Risk | Repayment Risk | Delivery of Project outcomes | Other Risks |
| Wine Innovation Centre | Kent | Round Three | This project supports the development of a facility to host a wine innovation centre at the East Malling Estate. This will be the first UK research vineyard and will support Kent's wine sector to develop as a global leader in innovation. The GPF will enable the ground and foundations work as well as installation of utilities and services and construction and fit out of building. | The GPF loan agreement has now been executed by all parties. Planning permission was granted in July 2020 for the Wine Innovation Centre. | No update on project delivery has been provided | No update on GPF spend has been provided | It is expected that repayment will be made in line with the agreed repayment schedule | It is expected that project outcomes will be delivered as per the Business Case | Planning permission has been granted, enabling delivery of the Project. No update on project delivery or spend of GPF funding provided. |
| Chatham Waterfront | Medway | Round One | The project will deliver land assembly, flood mitigation and the creation of investment in public space required to enable the development of proposals for the Chatham Waterfront Development. A waterfront development site that can provide up to 175 homes over 6 to 10 storeys with ground floor commercial space. | Ground obstructions removal is continuing onsite. The piling work has commenced onsite. Required Southern Water diversion work has been completed and work to relocate a UKPN substation is due to commence. | UKPN substation relocation needs to take place. Further ground obstructions have been found, which has delayed progress on the piling on part of the site. COVID-19 impact on project delivery is being continually monitored. | The GPF Funding has been spent. | Medway Council is comfortable with the current repayment schedule. | Development project will deliver 175 new homes and additional commercial space. | Impact of COVID-19 pandemic on project delivery is being continually monitored but work is continuing onsite. Some works have been delayed as a result of further ground obstructions being found. |
| Green Hydrogen Generation Facility | Kent | Round Three | The project involves the construction of the UK's largest zero carbon hydrogen production system. This will be situated in Herne Bay, Kent and will be powered by way of a direct connection to the on-land substation for the existing Vattenfall offshore wind farms. The GPF funding will be used to purchase equipment for hydrogen production facility (electrolysers and compressors), specialised tube trailers for storage and distribution of hydrogen and hydrogen refuelling systems which are installed within the SELEP region. | Planning permission was granted in June 2020 for the Green Hydrogen Generation Facility. Procurement is ongoing and it is hoped that construction will commence during summer 2021 and it is estimated that the plant will be commissioned for commercial operations in the second half of 2022. | The construction programme has been delayed by 6 months as a result of COVID-19 which made face-to-face meetings with supply chain partners impossible. | Whilst construction has been delayed as a result of the COVID-19 pandemic, the demand for green hydrogen has increased, which has allowed investment in a larger electrolyser than originally planned. | No repayment risk identified. Increasing levels of demand for green hydrogen in the region is expected to enable timely repayment of the GPF funding. | Project outcomes will be delivered as per the Business Case | Construction programme has been delayed as a result of the COVID-19 pandemic but forecast project outcomes still expected to be met. |
| 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. | Requests for rent holidays from commercial tenants have been received which has resulted in a delay to the repayment schedule. Revised repayment schedule approved at July Board meeting but repayment risk remains at the current time. | Due to the COVID-19 pandemic there is a risk to the survival of the businesses that are housed within the Fitted Rigging House. | Revised repayment schedule agreed at July Board meeting but uncertainty remains regarding survival of commercial tenants post COVID-19. |
| 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. | Project completed and GPF repaid in full |
| 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 |

| Growing Places Fund Update Appendix A | | | | | | | | | | |
|--|----------------------------|-------------|--|---|--|--|---|--|---|---|
| Name of Project | Upper Tier Local Authority | GPF Round | Description | Current Status | Deliverability and Risk | | | | | |
| | | | | | Delivery Risk | GPF Spend Risk | Repayment Risk | Delivery of Project outcomes | Other Risks | Overall Project Risk |
| Grays Magistrates Court | Thurrock | Round One | The project has converted the Magistrates Court to business space as part of a wider Grays South regeneration project which aims to revitalise Grays town centre. | GPF invested, project complete and repayment made in full. The refurbished building is now in use and having a positive impact in the town centre. | Project Complete | GPF funding spent in full | GPF funding repaid in full | Project outcomes delivered. | COVID-19 is likely to impact on the economy and therefore there may be reduced occupancy of the business space in the short term. | Project delivered. |
| Harlow West Essex | Essex/ Harlow | Round One | To provide new and improved access to the London Road site designated within the Harlow Enterprise Zone. | Project delivered to a reduced scope. | Project Complete | Project Complete | GPF funding repaid in full | The job and housing outcomes are likely to be delivered over a 7 to 10 year period. As project delivered to a reduced scope, approximately 1,000 less jobs will be delivered as a result of the project. | | Further works in the programme are ongoing in Harlow that will help improve the overall viability and attractiveness of the Enterprise Zone. |
| No Use Empty Commercial Phase I | Kent | Round Two | The No Use Empty Commercial project aims to return long-term empty commercial properties to use, for residential, alternative commercial or mixed-use purposes. In particular, it will focus on town centres, where secondary retail and other commercial areas have been significantly impacted by changing consumer demand and have often been neglected as a result of larger regeneration schemes. | The project has contracted with 12 projects in Dover, Folkestone and Margate. These projects will provide 15 commercial units and 28 residential units in total. To date, 14 commercial and 23 residential units have been brought back into use. The remaining project is progressing well but has experienced delays in obtaining required materials, such as plaster, since the COVID-19 lockdown. | As a result of COVID-19 work was paused on all projects, however, work has now recommenced with all but 2 projects complete. | The full £1.0m of GPF funding has been allocated to projects | Due to COVID-19 impacts some borrowers may request a longer repayment schedule than originally agreed. A revised repayment schedule was agreed by the Board in November 2020, however, an element of uncertainty remains until agreement on any change of repayment terms has been agreed with each loan recipient. | Contracts are now in place to ensure delivery of the outcomes stated within the Business Case. Timeframe for realisation of benefits will be affected by COVID-19 construction delays. | No other risks identified. The number of commercial units in contract exceed the total stated in the Business Case. | Works delivered through the Project are nearing completion. Due to COVID-19 impacts, there remains an element of uncertainty regarding repayment of the loan. |
| Observer Building, Hastings - Phase 1a | East Sussex | Round Three | The project will support Phase 1 of the full redevelopment of the 4,000 sqm. Observer Building, which has been empty and increasingly derelict for 35 years, into a highly productive mixed-use building, creating new homes, jobs, enterprise space and support. | Planning permission for the proposed works was granted in September 2020. Contractor has been appointed to deliver the project and work has commenced onsite. | Delays with the Local Planning Authority have been experienced when attempting to discharge planning conditions. | GPF allocation is expected to spent in full during 2021/22. | No repayment risk identified. | It is expected that the Project outcomes will be realised as per the Business Case. | | Delays with discharging planning conditions has put pressure on the programme but completion is still expected by February 2022 |
| 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 | | Project completed and GPF repaid in full |
| Charleston Centenary | East Sussex | Round Two | The Charleston Trust have created a café-restaurant in the Threshing Barn on the farmhouse's estate. This work is part of a wider £7.6m multi-year scheme – the Centenary Project – which aims to transform the operations of the Charleston Farmhouse museum. | The GPF funded works on the café-restaurant are now complete and the café-restaurant is open. Immediate impacts of the COVID-19 pandemic have been experienced, resulting in delays to repayment of the GPF loan. | Project complete | GPF funds spent | Following impacts of COVID-19, a revised repayment schedule was approved by the Board in July 2020. | Significant benefits have been realised since completion of the Centenary Project. Impacted by COVID-19 pandemic but steps being taken to try and ensure recovery in 2021. | | Project delivered. Revised repayment schedule agreed as a result of the immediate impacts of the COVID-19 pandemic on the tourism industry. |

| Growing Places Fund Update Appendix A | | | | | | | | | | |
|---------------------------------------|----------------------------|-----------|---|--|---|--|---|--|---|--|
| Name of Project | Upper Tier Local Authority | GPF Round | Description | Current Status | Deliverability and Risk | | | | | |
| | | | | | Delivery Risk | GPF Spend Risk | Repayment Risk | Delivery of Project outcomes | Other Risks | Overall Project Risk |
| Parkside Office Village | Essex | Round One | SME Business Units at the University of Essex. Phase 1, 14,032 sqft.; 1,303sqm lettable space, build complete June 2014. Phase 1a 3,743 sqft.; 348 sqm - complete September 2016. | Project complete and GPF funding repaid in full. | Project Complete | Project Complete | Project Complete and loan repaid in full. | Forecast project benefits not realised | | Project Complete and expected project outcomes delivered. |
| Rochester Riverside | Medway | Round One | <p>The project will deliver key infrastructure investment including the construction of the next phase of the principal access road, public space and site gateways.</p> <p>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.</p> | <p>The first housing units were completed in Q2 of 2019. 242 homes are now occupied, with a further 260 under construction.</p> <p>Construction of the new 2 form entry school is due to commence in July 2021, with completion expected by September 2022.</p> <p>Planning applications are being prepared/have been submitted in relation to future phases of development on the site.</p> | 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 | The GPF funding has been repaid in full. | The contractor is on site and will be delivering 1,400 homes, 1,200sqm of commercial space, a new school, hotel and various new open spaces. The scheme is now delivering more than was originally intended and there are no delivery risks. | Contractors stopped work onsite due to the COVID-19 pandemic, which caused a 10 week delay to the programme. However, the developer has accelerated delivery of later phases of the project and completion of the development is now expected ahead of programme. | Overall the project is on track to deliver outputs and outcomes. |
| Discovery Park | Kent | Round One | The proposal is to develop the Discovery Park site and create the opportunity to build both houses and commercial retail facilities. | The project promoter has informed Kent County Council that they no longer wish to proceed with the GPF loan and therefore the project has been removed from the GPF programme. The GPF funding has been repaid in full by Kent County Council and has been reallocated through GPF round 3. | Project removed from the GPF programme | Project removed from the GPF programme | Project removed from the GPF programme | Project removed from the GPF programme | Project removed from the GPF programme | Project removed from the GPF programme |
| Harlow EZ Revenue Grant | n/a | n/a | | n/a | | | | | | |
| Revenue admin cost drawn down | n/a | n/a | | n/a | | | | | | |

Appendix B - Growing Places Fund Repayment Schedule

| Name of Project | Upper Tier Local Authority | Total Allocation | Total Drawn Down to date | Total Spent to Date | Total Repaid by 31st March 2021 | 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 | 4,410,000 | | | | | | | 4,410,000 |
| Chatham Waterfront | Medway | 2,999,042 | 2,999,042 | 2,999,042 | 2,000,000 | 999,042 | | | | | | 2,999,042 |
| Bexhill Business Mall | East Sussex | 6,000,000 | 6,000,000 | 6,000,000 | 6,000,000 | | | | | | | 6,000,000 |
| Parkside Office Village | Essex | 3,250,000 | 3,250,000 | 3,250,000 | 3,250,000 | | | | | | | 3,250,000 |
| Chelmsford Urban Expansion | Essex | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | | | | | | | 1,000,000 |
| Grays Magistrates Court | Thurrock | 1,400,000 | 1,400,000 | 1,400,000 | 1,400,000 | | | | | | | 1,400,000 |
| Sovereign Harbour | East Sussex | 4,600,000 | 4,600,000 | 4,600,000 | 825,000 | 200,000 | 3,575,000 | | | | | 4,600,000 |
| Workspace Kent | Kent | 1,500,000 | 1,500,000 | 1,437,000 | 1,176,633 | 70,000 | | | | | 253,367 | 1,500,000 |
| Harlow West Essex | Essex/Harlow | 1,500,000 | 1,500,000 | 1,500,000 | 1,500,000 | | | | | | | 1,500,000 |
| Discovery Park | Kent | 5,300,000 | 5,300,000 | - | 5,300,000 | | | | | | | 5,300,000 |
| Live Margate | Kent | 5,000,000 | 5,000,000 | 2,847,000 | 500,000 | 1,000,000 | 1,000,000 | 1,000,000 | 1,500,000 | | | 5,000,000 |
| Sub Total | | 46,705,042 | 46,705,042 | 39,189,042 | 35,361,633 | 2,769,042 | 4,575,000 | 1,000,000 | 1,500,000 | - | 253,367 | 46,705,042 |
| Round 2 Projects | | | | | | | | | | | | |
| Colchester Northern Gateway | Essex | 2,000,000 | 1,350,000 | 1,350,000 | - | 2,000,000 | | | | | | 2,000,000 |
| Charleston Centenary | East Sussex | 120,000 | 120,000 | 120,000 | - | 20,000 | 20,000 | 40,000 | 40,000 | | | 120,000 |
| Eastbourne Fisherman's Quay and Infrastructure Development | East Sussex | 1,150,000 | 1,150,000 | 1,150,000 | 225,000 | 250,000 | 675,000 | | | | | 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 | 1,597,000 | - | | | 500,000 | 500,000 | 597,000 | | 1,597,000 |
| Innovation Park Medway | Medway | 650,000 | 650,000 | 217,007 | 50,000 | 600,000 | | | | | | 650,000 |
| No Use Empty Commercial Phase I | Kent | 1,000,000 | 1,000,000 | 1,000,000 | 300,000 | 500,000 | 200,000 | | | | | 1,000,000 |
| Sub Total | | 9,067,000 | 8,417,000 | 7,984,007 | 575,000 | 5,470,000 | 1,095,000 | 790,000 | 540,000 | 597,000 | 0 | 9,067,000 |
| Round 3 Projects | | | | | | | | | | | | |
| Wine Innovation Centre | Kent | 600,000 | 100,000 | - | - | | | 100,000 | 250,000 | 250,000 | | 600,000 |
| Green Hydrogen Generation Facility | Kent | 3,470,000 | 3,470,000 | - | - | | | | 350,000 | 3,120,000 | | 3,470,000 |
| Observer Building, Hastings - Tranche 1 | East Sussex | 1,750,000 | 1,750,000 | 1,000,000 | - | | | | | 1,750,000 | | 1,750,000 |
| Barnhorn Green Commercial and Health Development - Phase 1 | East Sussex | 1,750,000 | - | - | - | | | | | 1,750,000 | | 1,750,000 |
| No Use Empty Commercial Phase II | Kent | 2,000,000 | - | - | - | | | | 750,000 | 750,000 | 500,000 | 2,000,000 |
| No Use Empty South Essex | Southend | 1,000,000 | - | - | - | | | | 400,000 | 600,000 | | 1,000,000 |
| Herne Relief Road | Kent | 3,500,000 | - | - | - | | | | | 3,500,000 | | 3,500,000 |
| Observer Building, Hastings - Tranche 2 | East Sussex | 1,616,500 | - | - | - | | | | | 1,616,500 | | 1,616,500 |
| Sub Total | | 15,686,500 | 5,320,000 | 1,000,000 | - | - | - | 100,000 | 1,750,000 | 13,336,500 | 500,000 | 15,686,500 |
| Total | | 71,458,542 | 60,442,042 | 48,173,049 | 35,936,633 | 8,239,042 | 5,670,000 | 1,890,000 | 3,790,000 | 13,933,500 | 753,367 | 71,458,542 |

Appendix C - Growing Places Fund Drawdown Schedule

| Name of Project | Upper Tier Local Authority | Total Allocation | Total drawn down to end 2020/21 | 2021/22 total | 2022/23 total | 2023/24 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 | 1,350,000 | 650,000 | | | 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 | 1,150,000 | | | | 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 | 650,000 | | | | 650,000 |
| No Use Empty Commercial Phase I | Kent | 1,000,000 | 1,000,000 | | | | 1,000,000 |
| Sub Total | | 9,067,000 | 8,417,000 | 650,000 | | | 9,067,000 |
| Round 3 Projects | | | | | | | |
| Wine Innovation Centre | Kent | 600,000 | 100,000 | 500,000 | | | 600,000 |
| Green Hydrogen Generation Facility | Kent | 3,470,000 | 3,470,000 | | | | 3,470,000 |
| Observer Building, Hastings - Tranche 1 | East Sussex | 1,750,000 | 1,750,000 | | | | 1,750,000 |
| Barnhorn Green Commercial and Health Development - Phase 1 | East Sussex | 1,750,000 | - | 1,750,000 | | | 1,750,000 |
| No Use Empty Commercial Phase II | Kent | 2,000,000 | - | 750,000 | 750,000 | 500,000 | 2,000,000 |
| No Use Empty South Essex | Southend | 1,000,000 | - | 400,000 | 600,000 | | 1,000,000 |
| Herne Relief Road (subject to meeting funding conditions) | Kent | 3,500,000 | - | 3,500,000 | | | 3,500,000 |
| Observer Building, Hastings - Tranche 2 (subject to Board approval) | East Sussex | 1,616,500 | - | 1,616,500 | | | 1,616,500 |
| Leigh Port Quay Wall - Cockle Wharf (subject to future Board approval) | Southend | 3,500,000 | - | 3,500,000 | | | 3,500,000 |
| Sub Total | | 19,186,500 | 5,320,000 | 12,016,500 | 1,350,000 | 500,000 | 19,186,500 |
| Total | | | | 12,666,500 | 1,350,000 | 500,000 | 73,712,542 |

Appendix D – Monitoring of GPF Project Outcomes

| Name of Project | Outcomes defined in Business Case | | Outcomes delivered to date | |
|---------------------------------|-----------------------------------|--------------|----------------------------|--------------|
| | Jobs | Houses | Jobs | Houses |
| Round 1 GPF Projects | | | | |
| Priory Quarter Phase 3 | 440 | 0 | 240 | 0 |
| North Queensway | 865 | 0 | 0 | 0 |
| Rochester Riverside | 1,004 | 374 | 75 | 242 |
| Chatham Waterfront | 211 | 159 | 0 | 0 |
| Bexhill Business Mall | 299 | 0 | 98 | 0 |
| Parkside Office Village | 127 | 0 | 163 | 0 |
| Chelmsford Urban Expansion | 600 | 4,000 | 0 | 1,503 |
| Grays Magistrates Court | 200 | 0 | 206 | 0 |
| Sovereign Harbour | 299 | 0 | 211 | 0 |
| Workspace Kent | 198 | 0 | 149 | 0 |
| Harlow West Essex | 3,000 | 1,200 | 1,270 | 722 |
| Live Margate | 0 | 66 | 0 | 61 |
| Round 2 GPF Projects | | | | |
| Colchester Northern Gateway | 81 | 450 | 0 | 0 |
| Charleston Centenary | 6 | 0 | 6 | 0 |
| Eastbourne Fisherman | 4 | 0 | 2 | 0 |
| Centre for Advanced Engineering | 56 | 0 | 0 | 0 |
| Fitted Rigging House | 300 | 0 | 195 | 0 |
| Javelin Way Development | 311 | 0 | 0 | 0 |
| Innovation Park Medway | 307 | 0 | 0 | 0 |
| No Use Empty Commercial | 16 | 28 | 26 | 25 |
| Total | 8,324 | 6,277 | 2,641 | 2,553 |

Key:

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

Appendix E – COVID-19 impacts

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

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

As the country emerges from the latest period of lockdown, these risks will continue to be monitored to understand their impact on the ongoing project delivery and repayment of the GPF funding.

| | |
|---|----------------------|
| Report title: Growing Places Fund funding decision | |
| Report to: Accountability Board | |
| Report author: Helen Dyer, SELEP Capital Programme Manager | |
| Meeting date: 2 July 2021 | For: Decision |
| Enquiries to: helen.dyer@southeastlep.com | |
| SELEP Partner Authority affected: East Sussex | |

1. Purpose of report

- 1.1. The purpose of this report is to allow the Accountability Board (the Board) to consider the award of £1.6165m Growing Places Fund (GPF) funding to the Observer Building project (the Project) detailed in Appendix B. This project was included in the GPF project pipeline agreed by Strategic Board on 12 June 2020.

2. Recommendations

- 2.1. The Board is asked to **approve** the award of:
 - 2.1.1. £1.6165m GPF by way of a loan to support the delivery of the Observer Building project, as set out in Appendix C, which has been assessed as offering High value for money with High certainty of achieving this.

3. Background

- 3.1. The GPF was established by the Ministry for Housing, Communities and Local Government (MHCLG) and the Department for Transport (DfT) in 2011 to unlock economic growth, create jobs and build houses and help 'kick start' development at stalled sites. The fund operates as a recycled capital loan scheme regenerating funds based on the repayment schedules agreed for the existing GPF projects.
- 3.2. A total of £45.477m GPF capital funding was made available to SELEP for spend as a capital loan. The recyclable nature of the pot has enabled a total of £63.296m to be invested across 27 projects to date.

4. Growing Places Fund overview

- 4.1. The overarching objectives of the GPF are to support development at stalled investment sites, improve skills and learner numbers, to accelerate the delivery of new houses and to support the creation of new jobs.

- 4.2. GPF projects must be aligned with SELEP's strategic objectives as set out in SELEP's Economic Strategy Statement, [SmarterFasterTogether](#).
- 4.3. On the 4th October 2019, the Strategic Board agreed a 3-stage approach to the GPF prioritisation and award process. Details of the full process can be found in the [Guidance Note for Applicants](#).
- 4.4. At the Strategic Board meeting on 12th June 2020, the GPF project pipeline was agreed and the top 5 projects in the pipeline list received a provisional GPF allocation. Subsequently on 11th December 2020 the Strategic Board agreed to amend the GPF project pipeline so as to facilitate accelerated investment of the available funding.
- 4.5. In line with the requirements of the SELEP Assurance Framework, the project under consideration in this report has been subject to a two-stage review undertaken by the SELEP Independent Technical Evaluator (ITE). The ITE has been appointed by the Accountable Body on behalf of SELEP Ltd. to provide impartial technical advice on value for money and project deliverability.
- 4.6. Interest is charged on GPF loans at two percent below the Public Works Loan Board (PWLb) Fixed Loan Maturity Rate or zero percent – whichever is higher. The PWLB interest rates published on the morning of the Board meeting will be applied to the project outlined in this report.
- 4.7. Details of the project considered in this report can be found at Appendix C and the ITE assessment can be found at Appendix A (as attached to Agenda Item 12).

5. Case for Investment

- 5.1. This report considers the award of further GPF funding to the Observer Building project, as included in the GPF project pipeline agreed by the Strategic Board on 12th June 2020.

The Observer Building, Hastings

- 5.2. An application for £3.3665m GPF to support the delivery of the Observer Building project was submitted as part of the GPF round 3 open call for projects. The project seeks to transform the currently derelict building and bring it back into highly productive use.
- 5.3. When the GPF prioritised project pipeline was considered by Strategic Board in June 2020, it was proposed that the Observer Building project be split into two tranches. Tranche 1 (£1.75m) was prioritised for investment and received a provisional GPF allocation. Tranche 2 (£1.6165m) was positioned lower on the prioritised project pipeline with allocation of funding dependent upon receipt of repayments in relation to other projects in the GPF programme.
- 5.4. The Board approved the award of £1.75m GPF to the Project in September 2020 and, following the completion of the required legal agreements, this funding has been transferred in full to East Sussex County Council to support delivery of the Project.

- 5.5. Following receipt of GPF repayments totalling £4.595m at the end of 2020/21, there is now sufficient funding available for the Board to consider the award of the Tranche 2 funding to the Project, as set out in this report.
- 5.6. It should also be noted that the Project was awarded £1.713m from the Getting Building Fund in October 2020. The award of this funding supported the extension of the originally envisaged scope of works, allowing for the restoration of all four lower floors of the building.
- 5.7. Table 2 provides an overview of the Observer Building project.

Table 2: Overview of the Observer Building project

| | | |
|--|--|-------------------------------------|
| GPF allocation: £1.6165m (this decision) £3.3665m (total) | | Total capital project cost: £8.396m |
| Key outputs: <ul style="list-style-type: none">• Full redevelopment of the lower four floors for commercial workspace and leisure uses;• Essential works to the entire external shell of the building (including the top two floors);• Essential mechanical and electrical works on the Second and Third floors to enable delivery of 15 new homes | | |
| Key project milestones: | | |
| Milestone | | Indicative date |
| Purchase of Observer Building | | February 2019 |
| Procurement of main contractor | | January 2021 |
| Works commenced onsite | | April 2021 |
| Practical completion – all four lower floors | | End March 2022 |
| Additional external and essential mechanical and electrical works on Second and Third floors (enabled by receipt of additional GPF funding) | | From April 2022 |
| Internal fit out of 15 residential units | | By March 2024 |
| Repayment schedule: | | |
| The total GPF funding allocation will be repaid in 2025/26 through the refinancing of the building with a 30-year mortgage. | | |

- 5.8. The Observer Building has been empty for 35 years and has become increasingly derelict over that period of time. This project seeks to transform the building and bring it back into highly productive use, offering a variety of uses including commercial, leisure and residential. The project seeks to offer opportunities for those in the hardest to reach economically deprived communities in Hastings and has a key role to play in catalysing the wider revitalisation of Hastings Town Centre.
- 5.9. The Observer Building will support creativity and will enable businesses with growth potential to expand by providing flexible space, coaching and leadership development. The regeneration of the building will also enable the delivery of a package of training and start-

up support to entrepreneurs and start-up businesses, helping to foster and grow emerging businesses locally, thereby helping to improve start-up and survival rates. The delivery of the project will play an important role in supporting the local economy in Hastings, an economically deprived area, and will provide important opportunities for the local community.

- 5.10. It was expected that the initial £1.75m GPF allocation would help support the redevelopment of the Alley level and Ground floor for workspace, retail and leisure uses, as well as enabling some structural works to the Mezzanine and safeguarding the future of the building and reducing public risk arising due to the poor condition of the exterior of the building. As indicated above, the award of Getting Building Fund grant funding allowed the scope of the Project to be expanded to enable full redevelopment of the lower four floors of the building.
- 5.11. Progress on the works funded through Tranche 1 of the GPF funding has been slower than originally anticipated due to delays encountered with the discharge of planning conditions by Hastings Borough Council. Whilst work has been ongoing to address this issue, interior demolition work which is not subject to any planning conditions has commenced. In addition, external scaffolding has been erected. The delays encountered to date have squeezed the delivery programme but it is still anticipated that the GPF Tranche 1 and Getting Building Fund funded works will be complete by the end of March 2022.
- 5.12. Procurement of the main contractor has now been completed and due to a combination of the impacts of Brexit and the COVID-19 pandemic tender costs received have been higher than anticipated. Despite completion of an extensive value engineering process, there remains a funding shortfall in relation to these works which will be addressed through the second tranche of the GPF funding detailed in this report.
- 5.13. Whilst the GPF funding will in part be used to cover the funding shortfall which has arisen on the Project, it will also enable the completion of additional works which will directly facilitate the delivery of residential units on the upper floors. The funding will be used to deliver essential external shell works and internal works on the Third and Fourth floor which will create the conditions needed to support an application to the Homes England Affordable Homes Programme to unlock the final funding required for the residential development. The GPF funding will enable the existing construction contract to be extended, ensuring smooth transition and reduced costs particularly in regard to the use of the scaffolding which is already in place.
- 5.14. Without the second tranche of GPF funding, the scheme promoter has indicated that it will be difficult to meet the identified funding shortfall and the additional costs which will be incurred as a result of a break in the construction programme. In addition, it has been noted that the Homes England Affordable Homes Programme funding will be insufficient to deliver the residential development as the external shell works need to be completed first. Whilst there are other loan facilities available, including the Architectural Heritage Fund, these are generally higher cost and present a greater risk.
- 5.15. Following consideration of the Business Case by the ITE, the Project has been assessed as offering High value for money, with High certainty of achieving this. The ITE is satisfied that

a proportionate and robust economic appraisal of the overall Observer Building programme of schemes has been undertaken. This incorporates all costs and benefits across the separate funding bids. This has been undertaken assessing the land value uplift in line with Ministry for Homes Communities and Local Government Appraisal Guidance as well as the labour supply impacts with a bespoke assessment approach aligned with Green Book principles. This assessment shows the scheme to have a benefit cost ratio of 2.2:1 which falls within a “High” value for money categorisation.

- 5.16. The assumptions used in the appraisal are reasonable and robust, and a programme has been provided which presents limited risk with regard to deliverability. There is a clear method of repayment ensuring continued contribution to a revolving fund. The scheme, therefore, delivers High levels of certainty for this value for money categorisation.

6. Risks

- 6.1. The project under consideration in this report has produced a comprehensive risk register which identifies the key risks faced by the Project and sets out appropriate individual mitigating actions in each case.
- 6.2. Risks associated with project delivery are minimal as the main contractor has already been appointed and work has commenced onsite. However, there remains a risk that the COVID-19 pandemic could impact on the delivery programme as a result of extended lead-in times for required materials and a less productive workforce due to required social distancing measures. These risks are being mitigated through ongoing engagement with the relevant suppliers, through careful planning of the works to limit contact between workers and establishment of robust COVID secure procedures by the contractor.
- 6.3. The Project has a complex funding package consisting of grant and loan funding awarded by a variety of organisations. Whilst the majority of the required capital funding has been secured, there are a number of outstanding funding applications which are still awaiting a final decision. A risk has therefore been highlighted with regard to the possibility that it may not be possible to secure the full package of funding required for the proposed works. This risk has been mitigated through a loan which has been secured from the Architectural Heritage Fund, however, this loan offers a high interest rate and therefore efforts are continuing to secure lower cost funding to complete the funding package in line with applications already submitted.

7. Financial Implications (Accountable Body comments)

- 7.1. There is sufficient GPF held in 2021/22 for reinvestment in this project identified through GPF round 3 and included on the agreed prioritised pipeline of GPF projects, which is asking for a funding decision in this paper.
- 7.2. The repayment schedule for the project is as set out in Appendix C. Any changes to the Project or the repayment schedule will require further approval by the Board.
- 7.3. In the event of Project failure, the risk of non-repayment of the loan sits with the fund; any delay in repayment or non-repayment reduces the funding available to reinvest into new

projects on the GPF investment pipeline. To mitigate this risk, it is a requirement of the lead County / Unitary authority to undertake regular monitoring and evaluation of the projects and report progress on delivery, outcomes and risks to the SELEP Secretariat.

- 7.4. Should the Board approve the recommendation at 2.1.1 the Accountable Body will transfer the loan drawdown to the Lead Authority on request, once the Loan Agreement is complete.
- 7.5. It is expected that the lead County/Unitary authority will enter into reciprocal agreements with the project promoter for each GPF project coming forward for a funding decision.

8. Legal Implications (Accountable Body comments)

- 8.1 Each award of GPF funding 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.
- 8.2 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.

9. Equality and Diversity Implications

- 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:
 - 9.1.1. Eliminate unlawful discrimination, harassment and victimisation and other behaviour prohibited by the Act
 - 9.1.2. Advance equality of opportunity between people who share a protected characteristic and those who do not.
 - 9.1.3. Foster good relations between people who share a protected characteristic and those who do not including tackling prejudice and promoting understanding.
- 9.2. The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation.
- 9.3. In the course of the development of the project business case, the delivery of the Project and the ongoing commitment to equality and diversity, the promoting local authority will ensure that any equality implications are considered as part of their decision making process and where possible identify mitigating factors where an impact against any of the protected characteristics has been identified.

10. List of Appendices

- 10.1. Appendix A – Report of the Independent Technical Evaluator (as attached to Agenda Item 12)
- 10.2. Appendix B – GPF funding awards
- 10.3. Appendix C – Observer Building project information

11. List of Background Papers

- 11.1. [Business Case for the Observer Building project](#)

(Any request for background papers listed here should be made to the person named at the top 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) | 24/06/2021 |

Appendix B - Summary of GPF projects seeking funding approval

| Name of Project | Sponsoring Upper Tier | S151 officer sign off received | ITE - Recommend? | Secretariat Recommend? | VFM | Certainty | BCR | Total GPF - £ | GPF drawdown 2021/22 - £ | GPF drawdown 2022/23 - £ | GPF drawdown 2023/24 - £ | Final GPF repayment date |
|---|-----------------------|--------------------------------|------------------|------------------------|------|-----------|--------|---------------|--------------------------|--------------------------|--------------------------|--------------------------|
| Observer Building, Hastings - Tranche 2 | East Sussex | Yes | Yes | Yes | High | High | 2.17:1 | 1,616,500 | 1,616,500 | 0 | 0 | 31st March 2026 |
| | | | | | | | | | | | | |
| | | | | | | | | | | | | |
| | | | | | | | | | | | | |
| | | | | | | | | | | | | |
| | | | | | | | | | | | | |
| Total GPF Recommended for Approval | | | | | | | | 1,616,500 | | | | |

Appendix C – GPF Project Background Information

| | |
|---|--|
| Name of Project | Observer Building Cambridge Road, Hastings East Sussex County Council |
| Growing Places Fund allocation | Tranche 2: £1,616,500. Total: £3,366,500 |
| Description of what Project delivers | <p>The project will support the full redevelopment of the 4,000 sqm. Observer Building, which has been empty and increasingly derelict for 35 years, into a highly productive mixed-use building, creating new homes, jobs, enterprise space and support. The Observer Building will include leisure and retail uses, a wide range of workspaces including studios, offices and open space, 15 capped-rent flats and a public roof terrace and bar with fantastic sea, castle and town views.</p> <p>Tranche 2 of the GPF funding will assist with bridging a funding gap associated with the redevelopment of the lower four floors of the building which has arisen due to an increase in costs as a result of the COVID-19 pandemic. In addition, the funding will enable the completion of essential works to the entire external shell of the building and essential mechanical and electrical works on the upper floors required to enable delivery of 15 new homes.</p> |
| Need for intervention | <p>The Observer Building has suffered from a series of market failures over an extended period, including:</p> <ul style="list-style-type: none"> • The deindustrialisation of print – the Observer Building was used as a print works from construction in 1924 through to the early 1980's, when technological changes signalled the end of the old print industry and the building was abandoned. • Profiting from doing nothing – The Observer Building has had 13 owners since 1985. All but one of the property owners made a profit through the sale of the building but no repairs or redevelopment was undertaken by any of the owners. • The university withdrawal - the most recent owner of the Observer Building sought to create student accommodation. This aspiration failed as a result of the failure of the University of Brighton to sustain a student market in Hastings. |

| | |
|-------------------------|--|
| | <p>There is no market solution to this building – it needs public funding support to undertake the renovation and to deliver a mix of homes, workspace and leisure use that is both community rooted and commercially focused.</p> <p>As the country emerges from lockdown it is important for people to see a display of confident investment in new models that achieve economic, social, environmental and cultural benefit.</p> |
| Project benefits | <p>The Observer Building project as a whole offers the following benefits:</p> <ul style="list-style-type: none"> • Full renovation of a very large non-designated heritage asset that has been empty and derelict for 35 years. The transformation of the Observer Building will inspire others to invest money and time locally. • A community-led approach delivered by a locally-rooted social developer which prioritises community benefit above shareholder profit. • Life-changing opportunities for people from excluded groups, especially people who struggle to access suitable housing, people experiencing mental health issues and those with low levels of education. • Genuinely and perpetually affordable homes and workspace, using a bespoke approach emerging from local knowledge to meet the specific needs of Hastings. • The carefully balanced mixed uses maximise economic and community benefit. The homes and the workspace are important and necessary, but it is the leisure and learning uses that will make the Observer Building a destination which transforms the town centre and thereby strategically rebalancing seafront and central Hastings and St Leonards. <p>The primary benefit of the project will be increased capacity to support jobs in Hastings. The project will directly deliver 2,100 sqm of new office, co-working and retail space, alongside the creation of a new internal 'street' to support around 15 new pop-up and market trader stalls. The project will enable a response at speed to support COVID-19 economic recovery and target outcomes at some of the hardest to reach economically deprived communities.</p> <p>The project will support the creation of 84 construction related and operational Full-Time equivalent jobs (net).</p> |
| Project risks | <p>The key identified project risks are:</p> |

| | | | |
|-----------------------|--|--|--|
| | Risk | Mitigation measures | |
| | Construction challenges caused by impact of COVID-19 | Full COVID-19 mitigation plan in place to address challenges | |
| | Reduction in labour availability slows works | Careful planning of works to support social distancing. Size of the building and breadth of works being undertaken allows for good social distancing | |
| | Tenant pipeline disrupted by COVID-19 | Highly localised intelligence mixed with horizon-scanning and continuous future thinking. Planning for COVID secure facilities. Full time Tenants & Spaces Coordinator in post | |
| | Failure to secure grant and loan finance for renovation costs | Excellent fundraising skills and track record. Ongoing review of funding strategy, keeping all funding options open | |
| Financial Information | The total capital cost of the project is £8,396,496 , which will be funded through: | | |
| | Funding source | Amount £ | Constraints, dependencies or risks |
| | Growing Places Fund (Total) | 3,366,500 | Loan funding - £1,616,500 subject to Board decision |
| | Getting Building Fund | 1,713,000 | Grant funding – secure |
| | Community Housing Fund | 112,450 | Grant – secure |
| | Power to Change | 95,000 | Grant – secure |
| | CHART/HAZ | 811,546 | Grant – secure |
| | CHART/HAZ additional | 90,000 | Grant – likely but not yet secured |
| | Architectural Heritage Fund | 500,000 | Loan – secure |
| | Historic England | 332,000 | Grant – secure |
| | UK Power Network | 126,000 | Grant – secure (exact amount of grant to be confirmed) |
| | Community Renewal Fund | 350,000 | Grant – likely but not yet secured |
| | Homes England Affordable Homes Programme | 900,000 | Grant – likely but not yet secured |
| | Total project cost | 8,396,496 | |

| GPF spend profile | The GPF allocation will be spent in full during the 2021/22 financial year. | | | | | | | | | | | | | | | | | | | |
|--|---|--|-----------|-----------------|-------------------------------|---------------|--------------------------------|--------------|------------------------|------------|--|----------------|---------------------------|---------------------|--|-----------------|--|-----------------|--|---------------|
| Project Timeline | <table><tr><th>Milestone</th><th>Indicative date</th></tr><tr><td>Purchase of Observer Building</td><td>February 2019</td></tr><tr><td>Procurement of main contractor</td><td>January 2021</td></tr><tr><td>Works commenced onsite</td><td>April 2021</td></tr><tr><td>Practical completion – all four lower levels</td><td>End March 2022</td></tr><tr><td>Occupation of Alley level</td><td>From September 2021</td></tr><tr><td>Occupation of Mezzanine, Ground and First floors</td><td>From April 2022</td></tr><tr><td>Additional external shell and essential works on Second and Third floors</td><td>From April 2022</td></tr><tr><td>Internal fit out of 15 residential units</td><td>By March 2024</td></tr></table> | | Milestone | Indicative date | Purchase of Observer Building | February 2019 | Procurement of main contractor | January 2021 | Works commenced onsite | April 2021 | Practical completion – all four lower levels | End March 2022 | Occupation of Alley level | From September 2021 | Occupation of Mezzanine, Ground and First floors | From April 2022 | Additional external shell and essential works on Second and Third floors | From April 2022 | Internal fit out of 15 residential units | By March 2024 |
| Milestone | Indicative date | | | | | | | | | | | | | | | | | | | |
| Purchase of Observer Building | February 2019 | | | | | | | | | | | | | | | | | | | |
| Procurement of main contractor | January 2021 | | | | | | | | | | | | | | | | | | | |
| Works commenced onsite | April 2021 | | | | | | | | | | | | | | | | | | | |
| Practical completion – all four lower levels | End March 2022 | | | | | | | | | | | | | | | | | | | |
| Occupation of Alley level | From September 2021 | | | | | | | | | | | | | | | | | | | |
| Occupation of Mezzanine, Ground and First floors | From April 2022 | | | | | | | | | | | | | | | | | | | |
| Additional external shell and essential works on Second and Third floors | From April 2022 | | | | | | | | | | | | | | | | | | | |
| Internal fit out of 15 residential units | By March 2024 | | | | | | | | | | | | | | | | | | | |
| Repayment schedule | The GPF loan will be repaid in full in 2025/26. The GPF funding will be repaid through the refinancing of the building with a 30-year mortgage. | | | | | | | | | | | | | | | | | | | |
| Outcome of ITE Review | <p>The project has been assessed as offering High value for money with High certainty of achieving this.</p> <p>For additional information, please refer to the Report of the Independent Technical Evaluator (as attached to agenda item 12).</p> | | | | | | | | | | | | | | | | | | | |
| Evidenced compliance with Assurance Framework? | Yes, the project does meet the requirements of the SELEP Assurance Framework. | | | | | | | | | | | | | | | | | | | |
| Link to project page on the website, Business Case and link to prioritisation decision by Strategic Board | <p>Project page: https://www.southeastlep.com/project/observer-buildinghastings/</p> <p>Project Business Case: Observer-Building-GPF-Tranche-2-Business-Case.pdf (southeastlep.com)</p> <p>Prioritisation decisions by Strategic Board: https://www.southeastlep.com/meetings/strategic-board-12th-june-2020/ https://www.southeastlep.com/meetings/strategic-board-11th-december-2020/</p> | | | | | | | | | | | | | | | | | | | |

Forward Plan reference number: FP/AB/421

| | |
|---|-------------------------|
| Report title: SELEP Operations Update | |
| Report to Accountability Board | |
| Report author: Suzanne Bennett, Chief Operating Officer | |
| Meeting Date: 2 July 2021 | For: Information |
| Enquiries to: Suzanne.bennett@southeastlep.com | |
| SELEP Partner Authority affected: Pan-LEP | |

1. Purpose of Report

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

2. Recommendations

- 2.1. The Board is asked to:
- 2.1.1. **Note** the outcome of the Annual Performance Review and the Essex County Council Internal Audit review of SELEP and Accountable Body processes (report can be seen at Appendix A);
 - 2.1.2. **Note** the proposed change to the Assurance Framework regarding term lengths of Board members of Strategic Board that will be presented to Strategic Board at their meeting on 1 October 2021;
 - 2.1.3. **Note** the update on Assurance Framework compliance monitoring at Appendix B and Governance KPIs at Appendix C; and
 - 2.1.4. **Note** the changes to the Risk Register at Appendix D.

3. Governance update

- 3.1. SELEP's Annual Performance Review (APR) meeting with Government was held on 11 February 2021. The APR is carried out each year and officials from the Cities and Local Growth Unit (CLGU) assess how each LEP is performing across three themes: governance, delivery and strategy.
- 3.2. The APR for 2020/21 was designated as being 'light touch', recognising the pressure that both officials and LEPs were under due to the pandemic. In previous years governance and delivery were graded but in 2020/21 all categories were marked as a binary met/not met requirements.

- 3.3. The APR consists of submission of written evidence and a meeting with officials. Following the APR there was a moderation process across all LEPs to ensure a standard approach.
- 3.4. SELEP was informed on 7 May 2021 that the outcome for all three themes was 'met', the best possible outcome.
- 3.5. During March and April, the Essex County Council Internal Audit team carried out a review of the processes of SELEP and the Accountable Body and the assurance level was found to be 'good'. Again, this is the best possible rating. The Internal Audit report can be found at Appendix A. There are no recommendations to implement as a result of the review.

4. Assurance Framework – Recruitment of Chair

- 4.1. The current Assurance Framework sets out the requirements for the appointment of a new Chair. These requirements comply with the National Assurance Framework. The recruitment process for the Chair is set out in the Strategic and Federated Boards' Recruitment Policy. Again, this complies with the National Assurance Framework's requirement for open and transparent recruitment.
- 4.2. However, these policies and processes allow no flexibility, even in the face of extraordinary circumstances. For example, if a Chair of Strategic Board stood down with immediate effect, the current provisions do not allow for the appointment of an interim whilst a permanent replacement is found. As the events of the past year have shown, there should be flexibility with the governance to allow us to continue to operate even in extraordinary circumstances.
- 4.3. At the meeting of the Strategic Board on 25 June 2021, the Directors of SELEP will be considering whether an Interim Chair should be appointed for one year from March 2022 given the high levels of uncertainty concerning the future state of LEPs. The current Chair will have reached his maximum possible term of six years at that point. An update on this decision will be given at the meeting, but the changes to the governance should be made regardless to ensure business continuity in future.
- 4.4. The proposed change to the Assurance Framework is as follows; paragraph I.1.4 that currently reads:
 - The Strategic Board is made up of 25 members (including 5 co-opted members), and two-thirds of the Board is required to be from the private sector. All Board members, including the Chair and Deputy Chair, are appointed on a 2-year term, up to a maximum of 3 consecutive terms

Should be changed to read (changes in bold):

- The Strategic Board is made up of 25 members (including 5 co-opted members), and two-thirds of the Board is required to be from the private sector. All Board members including the Chair and Deputy Chair are appointed on a term **not exceeding 2 years**, up to a maximum of 3 consecutive terms **or 6 years, whichever is greater**
- 4.5. The SELEP Framework Agreement requires any change to the Assurance Framework to be consulted on with Accountability Board in advance of Strategic Board being asked to approve said change. Accountability Board is not able to prevent Strategic Board making the change but any points that Accountability Board would choose to make on the change will be reported to Strategic Board as part of the decision report presented to them.
- 4.6. Following consultation by Accountability Board in September 2021, Strategic Board will be asked to approve the changes to the Assurance Framework at their next meeting on 1 October 2021.

5. Assurance Framework Monitoring

- 5.1. 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.
- 5.2. An assessment has been made of compliance to the requirements of the current Assurance Framework. The following actions have been completed since the last report to the Board:

| | |
|---|---|
| Framework agreement signed | All parties have now signed the Framework Agreement and the Agreement is published on the SELEP website. |
| Local Industrial Strategy (LIS)/Recovery and Renewal Strategy | The Recovery and Renewal Strategy was approved by Strategic Board in March 2021. It has been confirmed by BEIS in May 2021 that LEPs are no longer required to produce a LIS. |
| A formal agreement between SELEP Ltd and the Accountable Body for services provided | The Service Level Agreement was approved by Strategic Board in March 2021. |

- 5.3. The following action is required:

| | |
|--|--|
| Increasing gender diversity to 50/50 by 2023 | This has been indicated by Government as a target in the National Assurance Framework. |
|--|--|

- 5.4. The Board will be updated on progress at each meeting. There are ongoing actions that involve keeping deadlines relating to publishing or maintaining up-

to-date information, which will continue to be reviewed. More detail can be found at Appendix B.

6. Key Performance Indicators

- 6.1. 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 C.
- 6.2. Deadlines have been missed for the publication of some Federated Boards' papers and the Secretariat will approach individual officers supporting the Federated Boards to improve on performance in this area.
- 6.3. There were missed publishing deadlines relating to the Strategic and Accountability Board minutes in October 2020 as mentioned during the last Operations Update to the Board in February 2021. This process has been reviewed and all subsequent deadlines have been met and will be met going forward.

7. Risk Register

- 7.1. There have been a number of changes to the risk register since the last report to Board. The immediate risks of the pandemic have receded (barring a further wave) whilst the LEP Review has introduced further uncertainty to the future of the LEP.
- 7.2. The Management Team are currently managing four 'high' rated risks and eight 'medium' rated risks. These risks can be seen at Appendix D. The main changes from the last reported position are set out below.
- 7.3. The risk related to business continuity of the Secretariat due to the pandemic has been downgraded to a low risk as the vaccination roll out continues and based on best knowledge at time of writing. Whilst workloads remain high, the considerable efforts of the Secretariat and Accountable Body to produce the Recovery and Renewal Strategy and support Accountability Board and Strategic Board with the decisions for the end of the Local Growth Deal period has meant that the immediate crunch point has passed and this risk has been downgraded to medium.
- 7.4. The impact of the pandemic on the economy is becoming clearer and trends indicate that the recovery is likely to be quicker and more 'V' shaped than some forecasts had proposed. On this basis the risk to the outcomes and outputs of the capital programme has been downgraded and this is now a medium risk. Further lockdowns could increase the likelihood of this risk as could as so far unseen impacts of the EU exit.
- 7.5. The risk associated with uncertainty of future capital/investment funding has been removed as the future state is now known and currently no capital/investment funds will be paid to LEPs. Risks related to this change in purpose for LEPs have been included in the LEP Review risks detailed below.

- 7.6. Also removed is the risk related to the expectations of HM Government on the future LEPs and this has been included in the LEP Review risks.
- 7.7. The following risks have been added to the register since the last report to Board.
- 7.8. Future Engagement in the Skills Agenda: this risk relates to the changes outlined in the Skills for Jobs white paper and the Bill currently being taken through Parliament. The policies associated with the Bill do not set out a role for LEPs and current pilots preclude LEPs from bidding to lead Local Skills Improvement Plans and Strategic Development Bids. There is a risk that the learning and knowledge that has been developed over the last years could be lost. Currently this is assessed as a 'high' risk.
- 7.9. There are currently three broad risks related to the LEP Review. The first is that that HM Government future model is not workable in the SELEP region. This includes changes to both geographies and functions.
- 7.10. The second LEP Review risk is related to future funding for LEPs and whether there will be sufficient funding to support operations and make the interventions necessary to fulfil the objectives of the new LEP model that are yet to be defined.
- 7.11. The mitigations for these two risks are the same. The Chair and senior members of the Secretariat are working closely with the LEP Network and will be flagging where potential recommendations that are not suitable are coming forward. The Chair of SELEP sits on the Board of the LEP Network and is able to influence through this position. Chris Brodie is also leading the LEP Review working group for funding for LEPs and the Chief Operating Officer is a member of the working group for accountabilities.
- 7.12. The final LEP Review risk is related to the timing of the review. The original timeline was predicated on recommendations being presented to ministers before the rise of Parliament for summer recess (22 July 2021) but there have been significant delays already to the working timetable for the working groups. The delays are due to lack of capacity on the HM Government side.
- 7.13. The Chief Executive and Chief Operating Officer have been making contingency plans alongside general planning for the future state. If required, contingency plans will be put in place and decisions made ahead of recommendations being proposed. This will be necessary if no significant progress has been made to allow a future state decision at the meeting of Strategic Board in October of this year.

8. Accountable Body Comments

- 8.1. 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.

- 8.2. The purpose of the Assurance Framework is to ensure that SELEP has in place the necessary systems and processes to manage delegated funding from central Government budgets effectively.
- 8.3. A requirement for the release of Getting Building Fund tranche 2 (GBF) grant to SELEP for 2021/22, was that the S151 officer of the Accountable Body had to provide confirmation that:
 - 8.3.1. all the necessary checks to ensure that the LEP has in place the processes to ensure the proper administration of their financial affairs; and
 - 8.3.2. The LEP's Local Assurance Framework is compliant with the minimum standards as outlined in the National Local Growth Assurance Framework (2019)
- 8.4. This confirmation was provided to the Government, by the S151 Officer on the 24 February 2021.
- 8.5. 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.
- 8.6. 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.
- 8.7. At present, no significant issues are arising with regards to the financial affairs of SELEP for 2021/22, 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 5)

9. Financial Implications (Accountable Body comments)

- 9.1. The 2021/22 Core funding has not been formally confirmed by Government or received by the Accountable Body at the time of writing. Should the Core funding grant not be received, it is expected that the SELEP Delivery Plan will be reviewed to determine the priority activities that can be delivered in 2021/22 with the available resources. This will need to form part of the wider review of the SELEP budget for 2021/22 which is currently underway, to understand the impact of specific grant allocations following their confirmation, or otherwise, by Government.
- 9.2. The current level of reserves is sufficient to support the SELEP budget for 2021/22. The Accountable Body will continue to work closely with SELEP to assess the possible outcomes of the LEP review and to plan for mitigating action to ensure the SELEP cost base remains within available funding.

Currently there remains no assurance from Government of additional grant funding beyond 2021/22.

- 9.3. Into 2021/22, there is a net impact on interest earned due to low capital balances brought forward from 2020/21 with the majority of Local Growth Fund and Getting Building Fund balances having been transferred to Lead Authorities as at 31 March 2021, and the continuation of very low or negative interest rates currently being experienced. This presents a risk to the operational budget of SELEP which historically has been partially supported by this interest revenue. This position will remain under review.
- 9.4. 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.
- 9.5. 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.

10. Legal Implications (Accountable Body comments)

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

11. List of Appendices

- 11.1. Appendix A – Internal Audit Report
- 11.2. Appendix B – Assurance Framework monitoring
- 11.3. Appendix C - Governance and Transparency KPIs
- 11.4. Appendix D – Extract of Risk Register

12. List of Background Papers

- 12.1. 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) | 24/06/2021 |
|---|------------|

South East Local Enterprise Partnership Final Internal Audit Report

Audit Plan Ref: FT12 2020/21

Audit Opinion:
Good Assurance

Date Issued: 4 May 2021


Function: Finance and Technology / SELEP

Audit Sponsors: **Stephanie Mitchener** – Director, Finance; **Adam Bryan** – Chief Executive Officer (SELEP)





Distribution List: **Adam Bryan**; **Suzanne Bennett** – Chief Operating Officer (SELEP); **Stephanie Mitchener**; **Nicole Wood** – Executive Director, Finance and Technology; **Lorna Norris** – Senior Finance Business Partner; **Paul Turner** – Director, Legal and Assurance; **Cllr. Finch** – Leader of the Council and ECC Representative on SELEP; **Barry Pryke** – External Auditor



| Assurance Opinion | No | Limited | Satisfactory | Good | Number of issues | Critical | Major | Moderate | Low |
|-------------------|----|---------|--------------|------|------------------|----------|-------|----------|-----|
| | | | | ✓ | | 0 | 0 | 0 | 0 |

| Audit Objective | Key Messages | Direction of Travel |
|--|--|--|
| <p>The audit objective was to assess the robustness of governance over decision making, project delivery and financial/risk management processes, in order to provide assurance to the S151 Officer and SELEP that such areas of potential risk are being controlled to an acceptable level.</p> | <p>The South East Local Enterprise Partnership (SELEP) encompasses the local authority areas of East Sussex, Essex, Kent, Medway, Southend and Thurrock. It was established to provide clear vision and strategic leadership to drive sustainable private sector-led growth and job creation. This objective is typically pursued through a range of locally determined and HM Government funded projects. Essex County Council (the Council) is the Accountable Body for SELEP and fulfils a range of roles and responsibilities that include overall legal accountability for the investment programme. The SELEP Assurance Framework sets out the governance systems and processes necessary to effectively manage the delegated funding from HM Government and ensure SELEP's business is conducted transparently.</p> | <p>A positive direction of travel is indicated. The 2019/20 audit of this area received a Satisfactory Assurance opinion.</p>  |
| <p>Scope of the Review and Limitations</p> <p>The review covered the following five core scope areas:</p> <ul style="list-style-type: none"> • Governance • Transparent decision making • Accountability • Value for money • Oversight of delivery | <p>Audit testing verified that SELEP governance arrangements were in line with national requirements and that decision-making remained transparent within 2020/21. The financial and project management processes were confirmed to be designed and working as intended. SELEP continues to regularly manage its compliance with the National Assurance Framework. In December 2020 the Strategic Board agreed the framework for the SELEP Economic Recovery and Renewal Strategy. The Strategy builds on the draft Local Industrial Strategy and robust evidence base presented to the Board in January 2020, in addition to ongoing economic intelligence on the impact of COVID-19 and recovery planning activities undertaken in each of the four Federated Areas. The audit concluded that the Council's and SELEP's processes to record and reconcile spend were satisfactory.</p> <p>Progress has also been made implementing the audit actions raised in 2019/20, with the implementation of a new Conflict of Interest Policy and a Service Level Agreement with the Council for services including Treasury Management. No new actions have been raised.</p> | |

Explanation of Assurance and Risk Priority Levels

| Assurance level | | Assessment Rationale | |
|---------------------|----------|--|---|
| Good | | There is a sound system of internal control designed to achieve the objectives of the system/process and manage the risks to achieving those objectives. Actions will normally only be of Low risk rating. Any Moderate actions would need to be mitigated by significant strengths elsewhere. | |
| Satisfactory | | Whilst there is basically a sound system of control, there are some areas of weakness, which may put the system/process objectives at risk. | |
| Limited | | There are significant weaknesses in key areas of the system of control, which put the system/process objectives at risk. Improvement in the design and/or operational effectiveness of the control environment is necessary to gain assurance that risks are being managed to an acceptable level, and core objectives will be achieved. | |
| No | | The system of internal control has serious weaknesses and controls are not effective in managing the key risks in scope. It is highly unlikely that core objectives will be met without urgent management intervention. | |
| Risk Priority Level | | Definition | |
| Corporate | Critical |  Red | Audit findings which, in the present state, represent a serious risk to the organisation as a whole, for example, reputational damage, significant financial loss (through fraud, error or poor value for money), intervention by external agencies and / or lack of compliance with statutory regulations. Remedial action is required immediately |
| | Major |  Amber | Audit findings indicate a serious weakness or breakdown in the control environment, which, if untreated by management intervention, is highly likely to put achievement of core service objectives at risk. Remedial action is required urgently |
| | Moderate |  Yellow | Audit findings which, if not treated by appropriate management action, are likely to put achievement of some of the core service objectives at risk. Prompt specific action should be taken |
| | Low |  Green | Audit findings indicate opportunities to implement good or best practice, which, if adopted, will enhance the control environment. Remedial action is suggested |

Further Information

Management Responsibility: It is management's responsibility to develop and maintain sound systems of risk management, internal control and governance and for the prevention and detection of irregularities and fraud. Internal Audit (IA) work should not be seen as a substitute for management's responsibilities for the design and operation of these systems. IA endeavour to plan work so they have a reasonable expectation of detecting significant control weaknesses and, if detected, IA & Counter Fraud (CF) will carry out additional work directed towards identification of consequent fraud or other irregularities. However, IA procedures alone do not guarantee that fraud will be detected.

Following the Final Report: It is the Action Owner's responsibility to ensure the agreed actions are implemented within agreed timescales and to update Pentana on a timely basis.

IA are regularly required to provide updates on the status of actions to the Audit Governance and Standards Committee, to the Corporate Governance Steering Board and to Functional Leadership Teams. We also receive adhoc requests for updates e.g. from the relevant Cabinet Member.

IA use the updates provided by Action Owners on Pentana for this purpose, so it is essential that progress is recorded regularly and accurately and when an action becomes overdue that a revised date to indicate when the action will be implemented is provided.

Audit Sponsor Responsibility:

- Approve the draft terms of reference to confirm their understanding and agreement of the risks, scope and nature of the review.
- Inform appropriate staff associated with the process under review about the nature of the review and what is required of them. Facilitate timely access to staff, records and systems.
- Approve and/or complete the Action Plan in the Draft Report and return to the Internal Audit Team within 15 working days to enable the Final Report to be issued promptly.
- Have oversight to ensure all agreed Actions are implemented within the agreed timescales as recorded in the Action Plan in the Final Report.

| | |
|----------------------------------|-----------------|
| Head of Assurance | Paula Clowes |
| Audit Manager | Stuart Coogan |
| Auditor | Rosekate Mwangi |
| Date of Last Review | March 2020 |
| Fieldwork Completed | April 2021 |
| Draft Report Issued | 4 May 2021 |
| Management Comments Requested by | 14 May 2021 |
| Management Comments Received | 4 May 2021 |
| Final Report | 4 May 2021 |



SOUTH EAST
LOCAL ENTERPRISE
PARTNERSHIP

ASSURANCE FRAMEWORK MONITORING 2020-21

Updated June 2021



ONGOING ACTIONS

INCORPORATION

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

BOARD COMPOSITION

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

DECLARING INTERESTS

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

CAPITAL PROJECTS

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

Implementing the monitoring and evaluation of projects including reporting on delivery of outputs and outcomes against the delivery of the ESS/Recovery and Renewal Strategy

ONGOING

POLICIES AND PROCEDURES

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

ACCOUNTABLE BODY

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

PUBLISHING INFORMATION

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

Governance Key Performance Indicators

Forward Plan of Decisions

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

| Meeting date | Met (Y/N)? |
|--------------|------------|
| 15/05/20 | Y |
| 03/07/20 | Y |
| 18/09/20 | Y |
| 16/10/20 | Y |
| 20/11/20 | Y |
| 12/02/21 | Y |
| 12/03/21 | Y |
| 02/07/21 | Y |

Publication of Papers

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

| Board | Meeting date | Met (Y/N)? | Meeting date | Met (Y/N)? | Meeting date | Met (Y/N)? | Meeting date | Met (Y/N)? |
|----------------------|--------------|------------|--------------|------------|--------------|------------|--------------|------------|
| Accountability Board | 16/10/20 | Y | 20/11/20 | Y | 12/02/21 | Y | 12/03/21 | Y |
| Strategic Board | 02/10/20 | Y | 11/12/20 | Y | 29/01/21 | Y | 19/03/21 | Y |
| SE | 25/01/21 | N | 15/03/21 | N | 12/04/21 | N | 01/06/21 | N |
| KMEP | 17/11/20 | Y | 02/12/20 | Y | 04/03/21 | Y | 19/05/21 | Y |
| OSE | 11/11/20 | N | 02/12/20 | Y | 10/03/21 | N | 19/05/21 | N |
| TES | 02/11/20 | Y | 07/12/20 | Y | 15/03/21 | Y | 14/06/21 | 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)? |
|----------------------|--------------|------------|--------------|------------|--------------|------------|--------------|------------|
| Accountability Board | 16/10/20 | N | 20/11/20 | Y | 12/02/21 | Y | 12/03/21 | Y |
| Strategic Board | 02/10/20 | Y | 11/12/20 | Y | 29/01/21 | Y | 19/03/21 | Y |
| SE | 25/01/21 | N | 15/03/21 | N | 12/04/21 | N | 25/01/21 | N |
| KMEP | 17/11/20 | N | 02/12/20 | N | 04/03/21 | N | 19/05/21 | N |
| OSE | 11/11/20 | Y | 02/12/20 | Y | 10/03/21 | N | 19/05/21 | N |
| TES | 02/11/2020 | Y | 07/12/2020 | Y | 15/03/21 | Y | 14/06/21 | 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)? |
|----------------------|--------------|------------|--------------|------------|--------------|------------|
| Accountability Board | 16/10/20 | N | 20/11/20 | Y | 12/02/21 | Y |
| Strategic Board | 02/10/20 | N | 11/12/20 | Y | 29/01/21 | Y |
| SE | 25/01/21 | N | 15/03/21 | N | 12/04/21 | N |
| KMEP | 17/11/20 | N | 02/12/20 | N | 04/03/21 | N |
| OSE | 11/11/20 | Y | 02/12/20 | Y | 10/03/21 | N |
| TES | 02/11/20 | Y | 07/12/20 | Y | 15/03/21 | 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)? |
|--------------|------------|
| 15/05/20 | Y |
| 03/07/20 | Y |
| 18/09/20 | Y |
| 16/10/20 | Y |
| 20/11/20 | Y |
| 12/02/21 | Y |
| 12/03/21 | Y |
| 02/07/21 | 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% |
| 01/02/21 | 35% |
| 10/06/21 | 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 | 3 | 5 | 15 | Med | Workloads continue to be high but the team is now well adapted to working at home. Additional short term resource has been appointed to assist with CV19 Recovery Fund Programme. However, there is potential for the likelihood of this risk increasing as details from LEP Review and requirements for change become known | 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 |
| Risks Related to Outcomes/Outputs of Programmes | | | | | | | | | |
| 19 | Non achievement of Outcomes/Outputs of the Capital Programme | 3 | 4 | 12 | Med | 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. This risk has been downgraded as evidence of a 'v' shaped recovery is beginning to be presented. However this likelihood is based on the roadmap out of lockdown being achieved which is not assured | The capital programme continues to be closely monitored and the team work closely with delivery partners. The team is also providing regular updates to HMG. All known changes to GBF outcomes and outputs have been approved by CLGU. An exercise to rebase the outcomes of the programme will be undertaken this financial year | HD | Ongoing |
| 29 | Incorrect application of LGF grant awarded to Hadlow College | 5 | 4 | 20 | High | £11m of LGF funding across 4 projects has been awarded to Hadlow College which entered into Education Administration last year. It is currently unclear whether the outputs and outcomes related to this funding will be delivered. Whilst the educational activities have resumed at the college, the grant agreements have not transferred to the new providers and therefore SELEP may be unable to recoup any monies that were not applied in line with the agreement. The Secretariat and the Accountable Body have responded to queries from the Education Administrators, BDO. There is a potential risk that monies weren't utilised in line with the grant agreement between the Accountable Body on behalf of SELEP and the college. If grant monies weren't correctly utilised, the outputs and outcomes in the business case will not be delivered or not delivered in full. | The Secretariat and the Accountable Body are in contact with BDO but the administration process is lengthy. We are also having conversations with HMG to understand the implications on SELEP if the funding was not correctly applied. Consideration is being made as to what protections can be put into place to prevent this situation occurring in future | LA | Ongoing |

| Ref | Risk Title and overview | Likelihood | Impact | Score | Rank | Description | Mitigation | Risk Owner | Dates/ Deadlines |
|--|---|------------|--------|-------|------|---|---|--------------|---------------------|
| 40 | Getting Building Fund Risk - programme delivery | 5 | 4 | 20 | High | The GBF programme requires all funding to be spent by 31 March 2022 and all projects to be substantially delivered. This is a very tight deadline to work to and there is a significant reputational risk should SELEP not be able to deliver the full programme. The likelihood of this risk occurring is increased by the delay to HMG providing the grant determination and the introduction of a time consuming change control process | An additional member of staff has been appointed to the team with responsibility for oversight of the GBF programme. Issues and concerns with the Change Control and reporting processes have been raised with CLGU and will be flagged at the APR. Strategic Board have agreed the process for establishing a GBF reserve list and the list will be agreed at their meeting in March | HD | 31/03/2022 |
| Risks Related to Funding/Financial Position | | | | | | | | | |
| 12 | GPF Project Repayments | 5 | 3 | 15 | Med | GPF projects are flagging where repayments are likely to be delayed and conversations with the Capital Programme Team are underway. All options are being explored and changes have been played through in planning and therefore the impact has reduced | Capital Programme Team are working with project leads to understand where projects are impacted. Future rounds of GPF allocations are currently held and assumptions about future repayments will be downgraded to take into account additional risks | HD | Ongoing |
| 15 | Misadminstration of grants | 3 | 4 | 12 | 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. This risk includes the potential for misappropriation of monies at Hadlow. The number and value of grants is decreasing so the likelihood of risk occurring has been reduced | 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 |

| Ref | Risk Title and overview | Likelihood | Impact | Score | Rank | Description | Mitigation | Risk Owner | Dates/ Deadlines |
|---|--|------------|--------|-------|------|---|---|------------|---------------------|
| 38 | Future viability of the operational budget | 5 | 5 | 25 | High | Whilst a balanced budget for 2021/22 has been constructed it is not possible to do so for future years with the current cost base and assumed income levels. If additional funding for LEPs beyond next financial year is not announced, it will be necessary to begin a cost cutting exercise beginning in the middle part of 2021/22. Future funding models is a key part of the LEP Review and until recommendations are published, the uncertainty for 2022/23 continues | Senior management in the Secretariat are working with Board members to raise awareness of this issue. The LEP Review working group for Funding is chaired by the SELEP Chair and he is keenly aware of requirement for continued HMG funding and the impact of changes to the funding regime on SELEP. Early planning on changes to the cost base have begun, being led by the Chief Operating Officer, supported by the Accountable Body | SB | Ongoing |
| 43 | LEP Review - future funding not sufficient to support operations/interventions | 3 | 5 | 15 | Med | HMG has made clear that, at least in the short term, no further capital investment monies will be awarded to LEPs. This will severely impact not only our ability to deliver interventions as set out in our Recovery and Renewal Plan but also will restrict the level of influence we can have in the region. This also further restricts our ability to support the operations of the Secretariat as no interest can be earned and there is no opportunity to charge administration fees for the management of capital schemes. The LEP Review includes a workstream on future funding but for operations and activities to continue at the current level, an increase of government funding would be required | The Chair of SELEP is leading the LEP Review working group for funding and is clear on the requirement for governmental support. Discussions with Catalyst South have confirmed this is the case across the wider region and is likely to be true for the entire LEP community. The Chair and senior members of the Secretariat will continue to work with the LEP Network to lobby for more funding | AB/SB | 31/03/2022 |
| Risks Related to Service Design and Reputation | | | | | | | | | |
| 22 | Growth Hub Future Model | 4 | 4 | 16 | Med | Further details on the direction of travel of the national Business Support Reform piece, led by HMG, have not been made available at time of writing. An independent report suggesting changes to the SELEP model has been commissioned, delivered and presented to Board but without a clear remit from HMG, full options on the future model cannot be worked up. This is now closely tied to the outputs of the new LEP Review and the recommendations to be made to ministers. Any delays to these recommendations may mean that changes required to the Growth Hub won't be able to be delivered in the time left available this year. | Evidence on what business support will be needed as we move into to Recovery is being collated. Secretariat is working closely with Growth Hub Cluster (SELEP, Herts and London) to understand the emerging requirements from both business and HMG. The Secretariat and Chair are working closely with the LEP Network on the LEP Review to ensure that we can both influence the recommendations and that officials understand lead times to make changes etc. | JS | Ongoing |

| Ref | Risk Title and overview | Likelihood | Impact | Score | Rank | Description | Mitigation | Risk Owner | Dates/ Deadlines |
|-----|---|------------|--------|-------|------|---|---|------------|---------------------|
| 41 | Future Engagement in Skills Agenda Risk - reduction or elimination of LEP involvement in Skills, losing local knowledge and insight | 4 | 5 | 20 | High | The DfE published a Skills for Jobs White Paper and a related Bill is being taken through Parliament. The policies therein do not include a clear role for LEPs, although LEP Skills Advisory Panels (SAPs) are cited and 2021/22 funding for SAPs has been confirmed by DfE. Stemming from the White Paper, current Calls for Local Skills Improvement Plans (LSIPs) and Strategic Development Fund bids have been launched for Employer representative organisations and colleges respectively which LEPs are not able to bid to. These are pilots at this stage and a national roll out isn't confirmed. This means there is a risk that the learning and knowledge that has been developed over the last years and work with the SAP could be lost, potentially setting back the skills agenda in the SELEP region. | The Secretariat are working with the business representative organisations, who have been invited to bid to produce LSIPs to ensure that learning is shared and DfE has indicated a role for SAPs. Working with the LEP Network and the Skills Advisory Panel, we will continue to present evidence of the impact that SELEP has had in pushing forward Skills in the region and make the case for a continuing role, with strong collaborations in areas such as the major projects skills work and digital. Alongside the SAP, the DSP has also had year 3 funding confirmed by DCMS. | AB/LA | Ongoing |
| 42 | LEP Review - HMG future model not workable in SELEP Region | 3 | 5 | 15 | Med | Following the announcement of a further LEP Review, the Chair, CEO and COO have been working with the LEP Network and representatives of other LEPs to feed into the process. There is a risk that HMG wants to move to a standardised model that won't work for the SELEP region, be that geographically or functionally. If there isn't local buy-in for what is required by HMG, the revised LEP will not be able to deliver against their expectations | The Chair and senior members of the Secretariat are working closely with the LEP Network and will be flagging where proposals are not workable/acceptable. This includes making the case for our current geography | AB/SB | 31/03/2022 |
| 44 | LEP Review - timing risk | 3 | 5 | 15 | Med | The timelines for the LEP Review are very tight and at time of writing, the working groups are already delayed by at least two weeks. If recommendations aren't published by July there is a risk that SELEP will have to begin to implement changes to reduce the cost base in advance of confirmation of direction of travel from HMG. There is also a risk that if the LEP Review continues to be delayed it will not be possible to make changes to the operation model in the time available to meet HMG expectations | Again, working with the LEP Network, this risk and the knock-on implications will continued to be flagged with officials. The CEO and the COO have begun planning for future state to progress as much as possible in advance of confirmation of recommendations or so changes can be put into place in advance of recommendations if necessary | AB/SB | 31/03/2022 |