

# ACCOUNTABILITY BOARD

<b>10:00</b>	<b>Friday, 11 February 2022</b>	<b>QE2 Suite, Holiday Inn Express Dartford, University Way, Dartford, DA1 5PA</b>
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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: 6 (to include 4 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](mailto:democratic.services@essex.gov.uk)

## Essex County Council and Committees Information

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

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 QE2 Suite, Holiday Inn Express Dartford, University Way, Dartford, DA1 5PA. 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:**

### **Online:**

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

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### **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.

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

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

<b>1</b>	<b>Welcome and Apologies for Absence</b>	
<b>2</b>	<b>Minutes from the previous meeting</b>	<b>6 - 18</b>
	To approve the minutes of the meeting held on 19 November 2021.	
<b>3</b>	<b>Declarations of Interest</b>	
	To note any declarations of interest to be made by Members in accordance with the Members' Code of Conduct	
<b>4</b>	<b>Questions from the public</b>	
	In accordance with the Policy adopted by the SELEP, a period of up to 15 minutes will be allowed at the start of every Ordinary meeting of the Accountability Board to enable members of the public to make representations. No question shall be longer than three minutes, and all speakers must have registered their question by email or by post with the SELEP Secretariat ( <a href="mailto:hello@southeastlep.com">hello@southeastlep.com</a> ) 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.	
<b>5</b>	<b>Getting Building Fund Capital Programme update</b>	<b>19 - 45</b>
<b>6</b>	<b>Management of GBF funding forecast for spend after 31 March 2022- REPORT TO FOLLOW</b>	
<b>7</b>	<b>GBF Extensions beyond 31st March 2022</b>	<b>46 - 68</b>

<b>8</b>	<b>Getting Building Fund funding decisions</b>	<b>69 - 101</b>
<b>9</b>	<b>Getting Building Fund funding decisions and extension requests</b>	<b>102 - 127</b>
<b>10</b>	<b>Local Growth Fund Programme Update</b>	<b>128 - 150</b>
<b>11</b>	<b>Grays South LGF High Risk Project Update</b>	<b>151 - 198</b>
<b>12</b>	<b>LGF high risk project update</b>	<b>199 - 210</b>
<b>13</b>	<b>Maidstone ITP report</b>	<b>211 - 220</b>
<b>14</b>	<b>LGF Additional Funding Awards Report</b>	<b>221 - 238</b>
<b>15</b>	<b>Queensway Gateway Road LGF Project Update</b>	<b>239 - 252</b>
<b>16</b>	<b>Stanford Le Hope Update Report</b>	<b>253 - 263</b>
<b>17</b>	<b>M2 J5 Update</b>	<b>264 - 268</b>
<b>18</b>	<b>Growing Places Fund programme update- REPORT TO FOLLOW</b>	
<b>19</b>	<b>SELEP Finance Update</b>	<b>269 - 276</b>
<b>20</b>	<b>Operations Update- REPORT TO FOLLOW</b>	
<b>21</b>	<b>Date of Next Meeting</b>	

To note that the next meeting will be held on Friday 29th April venue to be confirmed.



## **22 Urgent Business**

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

### **Exempt Items**

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

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

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

## **23 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 a meeting of the SELEP Accountability Board, held at Community Hall, Thurrock CVS, The Beehive Resource Centre, West Street, Grays, RM17 6XP on Friday, 19 November 2021

### Present:

### Members of the Board:

Sarah Dance	Chair
Cllr Lesley Wagland	Essex County Council
Cllr Roger Gough	Kent County Council
Cllr Keith Glazier	East Sussex County Council
Cllr Ron Woodley	Southend-on-Sea Borough Council
Cllr Rob Gledhill	Thurrock Council
Rosemary Nunn	Higher Education representative
Simon Cook	Further Education/Skills representative

### Also present:

Marwa Al-Qadi	East Sussex County Council
Richard Bartlett	Bartletts SEAT Ltd
William Benson	Tunbridge Wells Borough Council
Suzanne Bennett	SELEP
Amy Bernardo	Essex County Council
Colin Black	Thurrock Council
Chris Broome	Sea Change Sussex
Bernard Brown	Member of the public
Adam Bryan	SELEP
Lee Burchill	Kent County Council
David Candlin	Tunbridge Wells Borough Council
Paul Chapman	Essex County Council
Alex Colbran	East Sussex County Council
Howard Davies	SELEP
Tom Dawlings	Tunbridge Wells Borough Council
Richard Dawson	East Sussex County Council
Helen Dyer	SELEP
Sunny Ee	Medway Council
Stephanie Ennis	Essex County Council (Legal representative for the Accountable Body)
Amy Ferraro	SELEP
Tariq Khwaja	TK Associates

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Stephanie Mitchener	Essex County Council (as delegated S151 Officer for the Accountable Body)
Andrea Needham	Sea Change Watch
Michael Neumann	Essex County Council
Lorna Norris	Essex County Council
Sarah Nurden	Kent County Council
Vivien Prigg	Essex County Council
Tim Rignall	Southend-on-Sea Borough Council
Chris Seamark	Kent County Council
Lisa Siggins	Essex County Council
Stephen Taylor	Thurrock Council
Laura Wallis	Essex County Council
Jonathan White	Kent County Council

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

- Cllr Kevin Bentley substituted by Cllr Lesley Wagland
- Cllr Mark Coxshall substituted by Cllr Rob Gledhill
- Cllr Rodney Chambers

The chair asked members to endeavour to send a deputy should they be unable to attend a future meeting, this will ensure that the Board remains quorate.

#### **2 Minutes of the last meeting.**

The minutes of the meeting held on Friday 10 September 2021 were agreed as an accurate record.

#### **3 Declarations of Interest**

No declarations of interest were made.

#### **4 Questions from the public**

##### **Question 1 - Mr Bernard Brown**

Mr Brown was present and read out his question - **When talking about accountability, an East Sussex County Council Officer said in a press interview in July 2021, "The Queensway Gateway is not our project" This was repeated by a Lead Councillor at a Full East Sussex County Council Meeting on 12 October 2021 In an FoI answer from SELEP the Accountability Board stated it did not contract directly with Sea Change Sussex. In such circumstances who does have accountability as the Contracting Authority. Who is accountable for delivering the project to SELEP?**

If the answer is given that ownership of the contract does rest with East Sussex County Council, albeit acting on behalf of SELEP, I would like to ask what scrutiny has been undertaken by SELEP to make sure recent Grant Agreements signed by Sea Change Sussex and East Sussex Council for North Bexhill and Hastings Fastrack Projects do not weaken the intended safeguards in the SLA between SELEP and ESCC. Has SELEP or, on its behalf Essex County Council as the Accountable Body, scrutinised any agreements for escalating risk to public money? With the recent performance history of this contractor, it should be noted just asking a generic question does not constitute scrutiny.

**Response:**

SELEP and Essex County Council, as the Accountable Body, contract with East Sussex County Council through a Service Level Agreement, which sets out the Grant Responsibilities of both the Accountable Body and East Sussex County Council. East Sussex County Council is responsible for delivery of the Project and is required under the terms of the Service Level Agreement to enter into an agreement with any third-party delivery partners, i.e., Sea Change Sussex, which sets out the relevant rights and obligations imposed on East Sussex County Council under the terms of the Service Level Agreement.

An agreement between East Sussex County Council and Sea Change Sussex in relation to the Bexhill Enterprise Park North project was completed in late October 2021. East Sussex County Council have provided written assurances that the agreement with Sea Change Sussex specifically reflects the terms of the Service Level Agreement between East Sussex County Council, SELEP and Essex County Council.

It is understood that an agreement between East Sussex County Council and Sea Change Sussex in relation to the Fast Track Business Solutions for the Hastings Manufacturing Sector project is not in place.

**Question 2 - Paul (no surname given)**

Paul was not present at the meeting and his question was read out by Adam Bryan - **What can the Board do to stop Sea Change Sussex delaying the start to the temporary connection to the Queensway Gateway Link Road?**

**Response:**

The Service Level Agreement between East Sussex County Council, SELEP and Essex County Council (as the Accountable Body for SELEP) outlines a requirement for expenditure of the Local Growth Fund funding to be in accordance with all applicable legal requirements. As a result, the Board cannot require Sea Change Sussex to progress with the delivery of the signalised connection in advance of confirmation that all required approvals have been received and legal documentation completed. The status of the required approvals and legal documentation is outlined within the update on the Queensway Gateway Road project provided under Agenda Item 16 at this meeting.

## 5 SELEP Finance Update

The Accountability Board (the Board) received a report from Lorna Norris, Senior Finance Business Partner, the purpose of which was for the Board to consider the latest financial forecast position for the SELEP Revenue budget for 2021/22. In addition, a proposed budget for 2022/23 was recommended for approval, based on current knowledge of funding available in 2022/23.

The Board were advised that the Government have confirmed that SELEP can now apply for the remaining £250k of the 2021/22 core funding, however there has not been any update regarding any future funding. It was confirmed that the application for the remainder of the core funding will be made during the week commencing 22 November, and if successful funding will be received by mid-December.

In response to a question raised by Councillor Gough, Lorna Norris clarified the position regarding the risk reserve.

Adam Bryan advised the Board that due to reduction in funding, there will unfortunately be a 45% reduction in staffing which would have a knock-on effect to support provided by the secretariat. He further advised that there is now a “flight risk” in respect of losing staff as no future assurances are available.

The Board proceeded to discuss this issue and acknowledged that this was an incredibly difficult time for all staff involved and offered their thanks for all their hard work.

Simon Cook raised the issue of legal implications/risks due to staffing reductions, with Stephanie Ennis confirming that she was looking into this issue. Lorna Norris confirmed that the responsibility sits with Essex County Council (as Accountable Body) to ensure that all contractual requirements entered into by SELEP Ltd. are met.

The Chair offered her thanks to all staff involved and to Essex County Council as the Accountable Body for their support.

### **Resolved:**

1. **To Note** the current forecast net cost of services for 2021/22 is an under spend of £15,000;

2. **To Approve** the appropriation to the Operational Reserve of the following funding:

2.1 Sector Support Funding of £126,736

2.2 Covid-19 Skills Funding of £417,864

2.3 Covid-19 Business Support Funding £22,864

2.4 Growing Places Revenue Funding of £986,614

3 **To Approve** the establishment of the following reserves, funded by the respective appropriations from the Operational Reserve:

3.1 Redundancy Reserve - £275,000

3.2 Future Commitments Reserve - £423,000

3.3 Risk Reserve - £975,000

4. **To Approve** the revenue budget for 2022/23 set out in Table 6 of the report, including the appropriations from reserves, as set out in Table 8 of the report.

## 6 Operations Update

The Board received a report from Suzanne Bennett, Chief Operating Officer the purpose of which was for the Board to be updated on the operational activities carried out by the Secretariat to support both this Board and the Strategic Board. The report also included a decision to extend the contract for the Independent Technical Advisor which was awarded on a 1 year plus 1 year basis starting in April 2021. The report included an update on the Risk Register and information on compliance with our Assurance Framework.

The Board were advised that SELEP were currently “in consultation” with secretariat staff, which will result in a number of redundancies from 1 April 2022. This would unfortunately lead to a high risk of “flight risk” of losing key members of staff.

Simon Cook enquired as to whether there could be an amalgamation of the Strategic and Accountability Board, but it was confirmed that this was not possible due to their differing legal frameworks.

The Chair highlighted issues with Federated Board papers and minutes not being provided for publication on the SELEP website in line with requirements of the Assurance Framework.

### **Resolved:**

1. **To Agree** to extend the contract with Steer for the provision of the Independent Technical Evaluator services for 1 year from 1 April 2022 to 31 March 2023.
2. **To Note** the proposed changes to the Assurance Framework as highlighted at Appendix A of the report.
3. **To Note** the update on Assurance Framework compliance monitoring at Appendix C of the report and Governance KPIs at Appendix D of the report; and
4. **To Note** the changes to the Risk Register at Appendix E of the report.

## 7 Growing Places Fund Update

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

The Board were advised that the letter of assurance from South Essex College had now been received and was currently being considered by the Essex County Council S151 officer.

**Resolved:**

1. **To Note** the updated position on the GPF programme.
2. **To Approve** the £650,000 reduction in GPF allocation to the Colchester Northern Gateway project and the associated amended repayment schedule.
3. **To Agree** that a revised repayment schedule for the Centre for Advanced Engineering project can be brought forward to this meeting, contrary to the GPF loan agreement which requires the Board to receive 6 months' notice of any change to the Project.
4. **To Approve** the revised repayment schedule for the Centre for Advanced Engineering project as shown at Section 7.10 of the report, subject to the received letter of assurance from the Director of Finance (or equivalent) at South Essex College being approved by the Essex County Council S151 officer and agree that, despite repayments not being made in line with the original repayment schedule, no interest will be charged on the loan.
5. **To Agree** that £18,767 owed against the Workspace Kent project should be written off following provision of evidence that Kent County Council have taken all reasonable steps to recover the debt. Noting that the remaining balance of the Workspace Kent GPF allocation is still expected to be repaid in accordance with the updated repayment schedule shown at Section 8.10 of the report.

## 8 GPF funding decision

The Board received a report from Helen Dyer, SELEP Capital Programme Manager, the purpose of which was to provide the Board with an update on the projects remaining on the Growing Places Fund (GPF) project pipeline and to consider the award of the remaining GPF funding available for allocation in 2021/22.

**Resolved:**

1. **To Agree** to award funding to the second project on the GPF project pipeline (No Use Empty Residential), in the absence of a Business Case for the project at the top of the pipeline (Leigh Port Quay Wall) to facilitate swift investment of the GPF funding. Noting that the Leigh Port Quay Wall project will remain on the GPF project pipeline and that, subject to receipt of forecast GPF repayments, there will be sufficient funding available to support the project in early 2022/23 if funding is still required; and
2. **To Approve** the award of £2.5m GPF by way of a loan to support the delivery of the No Use Empty Residential project, as set out in Appendix B of the report which has been assessed as presenting High value for money with High certainty of achieving this.

## 9 Getting Building Fund Update

The Board received a report from Helen Dyer, SELEP Capital Programme Manager, the purpose of which was for the Board to consider the overall position of the Getting Building Fund (GBF) capital programme.

The Board were advised that the Fast Track Business Solutions for the Hastings Manufacturing Sector project has not met the conditions that were attached to the funding award in September 2021 and that as a result the project should be removed from the GBF programme in line with the decision taken by the Board in September 2021.

Councillor Glazier spoke in respect of the Fast Track Business Solutions for the Hastings Manufacturing Sector project, acknowledging that this was an unfortunate situation. He advised that planning permission for the project remained outstanding, with a decision expected in early 2022, but stressed that there remains a strong commitment to supporting economic growth in East Sussex. Councillor Glazier requested that the project remain on the funding pipeline, allowing the project to be considered if further funding became available.

Adam Bryan advised that prioritisation of projects sits with the Strategic Board and therefore the possibility of retaining the project on the pipeline would need to be subject to a conversation at a future meeting of the Strategic Board should there be funding available for allocation.

### **Resolved:**

1. **To Note** the current forecast spend for the GBF programme for 2021/22 financial year of £61.237m, as set out in Table 1 of the report.

2. **To Note** that the Laindon Place project has received approval from Essex Highways for the proposed public realm works and that therefore the first of the two funding conditions applied to the Project has been met.

3. **To Agree** that the requirement for planning approval to be obtained for the electric vehicle charging points to be delivered as part of the Laindon Place project can be removed, on the basis that planning approval is not required as permitted development rights can be used to deliver these elements of the project.

4. **To Note** the updates on the projects which have received approval for retention of GBF funding beyond 31 March 2022.

5. **To Note** the update on the GBF projects which have been identified as High Risk.

6. **To Note** that the Fast-Track Business Solutions for the Hastings Manufacturing Sector project has not met the conditions attached to the funding award in September 2021 (as set out in Section 7.12 of the report) and that the



project will therefore be removed from the GBF programme in accordance with the decision taken by the Board in September 2021. The £804,365 GBF currently held by East Sussex County Council should be returned to Essex County Council, as Accountable Body for SELEP, within 4 weeks of this Board meeting for reallocation to alternative projects on the GBF prioritised project pipeline, alongside the funding currently held by the Accountable Body.

#### 10 GBF Extensions beyond 31 March 2022

The Board received a report from Helen Dyer, SELEP Capital Programme Manager, the purpose of which was for the Board to consider whether the projects outlined in the report meet the conditions agreed in July 2021 for retention of their respective Getting Building Fund (GBF) allocations beyond 31 March 2022.

Councillor Wagland spoke in support of the Jaywick Market and Commercial Space project, which is in an area of high deprivation. Councillor Wagland also expanded on the challenges faced by the Acceleration of full-fibre broadband deployment in very rural or very hard to reach areas and the Extension of the full-fibre broadband rollout in Essex to reach rural and hard to reach areas projects.

Councillor Woodley spoke in support of the Better Queensway and No Use Empty South Essex projects. Councillor Gledhill also stressed the importance of the No Use Empty South Essex project.

##### **Resolved:**

In relation to the following projects: **Jaywick Market and Commercial Space, Better Queensway and No Use Empty South Essex.**

1. **To Agree** that the Project meets the conditions and criteria previously agreed by the Board for the retention of GBF funding beyond 31 March 2022 for a maximum period of 6 months, subject to Strategic Board endorsement at the December 2021 meeting.

In relation to the following projects: **Acceleration of full-fibre broadband deployment in very rural or very hard to reach areas and Extension of the full-fibre broadband rollout in Essex to reach rural and hard to reach areas.**

1 **To Agree** that the Project meets the conditions previously agreed by the Board for the retention of GBF funding beyond 31 March 2022 and that as an exception funding should be retained against the Project for a maximum period of 12 months, subject to Strategic Board endorsement at the December 2021 meeting.

#### 11 GBF Funding Decision - The Amelia Scott

The Board received a report from Howard Davies, SELEP Capital Programme Officer, the purpose of which was for the Board to consider the award of £1.4m Getting Building Fund (GBF) to The Amelia Scott project (the Project) as set out in Appendix B of the report, should additional funding become available as a

result of either Board deciding to remove allocations from GBF projects under earlier decisions on the agenda or confirmation that conditions set by the Board have not been met and therefore allocations have been removed from GBF projects.

Howard Davies advised that as a result of the removal of the Fast Track Business Solutions for the Hastings Manufacturing Sector project from the GBF programme, sufficient funding was available to support both the Princess Alexandra Hospital project, which is at the top of the GBF prioritised project pipeline, and The Amelia Scott project, which is second on the pipeline and therefore the award of funding to The Amelia Scott project at this meeting would not represent a re-ordering of the pipeline. A funding decision for the Princess Alexandra Hospital project is expected to come forward in February 2022, alongside Business Cases for other GBF pipeline projects for which there is now sufficient funding.

Howard Davies advised that letters of support had been received from the Leader of Tunbridge Wells Borough Council and Greg Clark MP.

Councillor Gough spoke in support of the project and also indicated that Table 3 within the report was incorrect. Table 3 indicates that all local authority funding to support project delivery was provided by Tunbridge Wells Borough Council. Councillor Gough noted that Kent County Council had also made a financial contribution towards the delivery of the project. The Business Case indicates that Kent County Council have contributed £1.549m to the project.

**Resolved:**

1. **To Note** that the award of GBF funding to The Amelia Scott project outlined in the report would only be considered if sufficient funding (£1.9m) is available to support both projects at the top of the pipeline, either as a result of decisions taken during the course of the Board meeting on 19 November 2021 or confirmation being provided in that meeting that funding conditions that have been previously set by the Board have not been met by GBF Projects.

2. **To Agree** the award of £1.4m GBF to The Amelia Scott project which has been assessed as presenting High value for money with High certainty of achieving this, subject to Government approval of project inclusion within the GBF programme

## **12 Local Growth Fund Programme Update**

The Board received a report from Helen Dyer, SELEP Capital Programme Manager, the purpose of which was for the Board to consider the overall position of the Local Growth Fund (LGF) capital programme, as part of SELEP's Growth Deal with Government.

Councillor Woodley confirmed the current position of the Southend Central Area Action Plan and Southend Town Centre projects.

**Resolved:**

1. **To Agree** the updated total planned LGF spend on project delivery in 2021/22 of £52.633m excluding DfT retained schemes and increasing to £69.347m including DfT retained schemes, as set out in Table 1 and Appendix A of the report.
2. **To Note** the deliverability and risk assessment, as set out in Appendix D of the report.
3. **To Note** that the Bexhill Enterprise Park North project has met the conditions attached to the funding award in September 2021, as set out in Section 6.5.4 of the report, and that it will now progress to delivery, with completion of the LGF funded works expected in March 2022.
4. **To Agree** the updated completion dates for the following projects, which have experienced delays of more than 6 months:
  - 4.1. Hailsham/Polegate/Eastbourne Movement and Access Transport scheme – delayed from March 2022 to March 2023
  - 4.2. Maidstone Integrated Transport Package – delayed from September 2023 to September 2024
  - 4.3. A28 Sturry Link Road – delayed from March 2024 to June 2025
  - 4.4. Innovation Park Medway (Phase 2) – delayed from March 2022 to November 2022
  - 4.5. Southend Town Centre – delayed from March 2022 to January 2024.
5. **To Agree** the spend of LGF beyond 30 September 2021 and the revised completion date for the Southend Central Area Action Plan (SCAAP) project as set out in Section 7 of the report, subject to Strategic Board endorsement in December 2021.

**13 A28 Sturry Link Road Update**

The Board received a report from Howard Davies SELEP Capital Programme Officer which was presented by Helen Dyer, SELEP Capital Programme Manager, the purpose of which was to update the Board on the A28 Sturry Link Road project (the Project) which is currently ranked as high risk.

The Board were advised that the land acquisition may not be completed by 31 March 2023. Kent County Council have conducted an in depth review of the delivery programme and have ascertained that the land acquisition might not be completed until the end of August 2023.

Councillor Gough spoke in support and stated that if the land acquisition was able to complete without a Compulsory Purchase Order, an earlier completion date may be achievable. 31 August 2023 represents a long-stop date should a Compulsory Purchase Order be required. Councillor Gough also pointed out that Option 2 would have an adverse effect on other social infrastructure elements of the wider project due to the additional funding being diverted to support delivery of the new link road.

**Resolved:**

1. **To Agree** to extend the deadline for completion of the land acquisition to 31 August 2023 and to the transfer of the remaining £4.656m to Kent County Council on condition that the updated land acquisition deadline is met. Noting that it was agreed at the September Board meeting that the remaining LGF funding should be transferred to Kent County Council on condition that the land acquisition be completed by 31 March 2023.
2. **To Note** that, due to the extension request outlined in this report, none of the remaining £4.656m LGF has been transferred to Kent County Council since the September Board meeting.
3. **To Note** that a further update on the Project will be provided at the February 2022 Board meeting which will include:
  - 3.1. an update on progress towards the completion of the land acquisition process;
  - 3.2. an update on procurement for the design and build contract.

**14 LGF Additional Funding Awards**

This item was not required as no LGF funding was returned to SELEP for reallocation as a result of decisions taken by the Board during the course of this meeting.

**15 London Gateway/Stanford le Hope LGF project update**

The Board received a report from Keith Rumsey Interim Assistant Director – Regeneration and Place Delivery, Thurrock Council and Howard Davies SELEP Capital Programme Officer, which was presented by Colin Black Thurrock Council, the purpose of which was to provide an update to the Board on the delivery of the London Gateway/Stanford le Hope project (the Project).

The Board were advised that, in light of cost increases and the changing position since the original Business Case was produced, there is a requirement for a revised Business Case to be produced to demonstrate that the project continues to offer High value for money. It is expected that this will be considered by the Board in February or April 2022.

Councillor Gledhill spoke in support of the project and outlined some of the challenges faced. In addition, Councillor Gledhill set out the ambitions for the project, with a view to maximising benefits for local residents, as well as the employment sites identified in the Business Case.

The Chair stressed that it was important that the Board had further updates on this project and other projects which have been identified as High Risk.

**Resolved:**

1. **To Note** the update on the Project, including that delivery of the Project is now expected to complete beyond the extension agreed at the September 2021 Board meeting.

2. **To Agree** a further extension to the Project to July 2024, subject to provision of an updated Business Case which sets out Value for Money and Benefits offered by the Project, for consideration by the April 2022 Board meeting at the latest.

3. **To Note** that a further project update will be brought to the Board, as agreed at the September 2021 Board, in February 2022 to:

3.1. Confirm that the tender process for the Station Upgrade (Phase 1) has been successful. Provide an updated delivery programme and confirmation that a full funding package is in place to deliver the works.

3.2. Confirm the design progress for Phase 2, including planning application progress along with an outline delivery programme, forecast costs and confirmation that a full funding package is in place to deliver the Phase 2 works.

## 16 Queensway Gateway Road update

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

Richard Dawson advised that all necessary steps are being taken by East Sussex County Council, Sea Change Sussex and National Highways to allow the signalised connection to be delivered. Richard Dawson also indicated that it is currently expected that the signalised connection will be constructed and open for use by Summer 2022 at the earliest, subject to completion of required Traffic Regulation Orders.

Councillor Glazier advised that 85% of the road had been built and that the real benefits would be achieved in Summer 2022 when the full length of the new road could be opened for public use.

### **Resolved:**

1. **To Note** the latest position on the delivery of the Project and the steps which need to be taken to secure completion; and

2. **To Agree** that the Board will be provided with a further update on the Project, which updates the project delivery plan and associated milestones, at its meeting on 11 February 2022.

## 17 LGF high risk project update

The Board received a report from Howard Davies, SELEP Capital Programme Officer, the purpose of which was for the Board to receive an update on the delivery of the following Local Growth Fund (LGF) projects which are

currently ranked as high risk: A13 Widening and Maidstone Integrated Transport Package (ITP).

**Resolved:**

**A13 Widening**

1. **To Note** the update on the Project.
2. **To Note** that a further update will be brought to the February 2022 Board meeting.

**Maidstone ITP**

1. **To Note** the update on the Project
2. **To Note** that a further delivery update will be brought to the February 2022 Board meeting, which will include:
  - 2.1. progress towards securing the required consent to relocate the ragstone wall; and
  - 2.2. a funding breakdown which sets out the split between the phases of the project.

**18 Date of Next Meeting**

The Board noted that the next meeting will take place on Friday 11 February 2022, venue to be confirmed.

There being no further business, the meeting closed at 12.05 pm.

**Chair**

**Forward plan reference number: FP/AB/475**

<b>Report title:</b> Getting Building Fund Capital Programme update	
<b>Report to:</b> Accountability Board	
<b>Report author:</b> Helen Dyer, SELEP Capital Programme Manager	
<b>Meeting date:</b> 11 February 2022	<b>For:</b> Decision
<b>Enquiries to:</b> <a href="mailto:helen.dyer@southeastlep.com">helen.dyer@southeastlep.com</a>	
<b>SELEP Partner Authority affected:</b> All	

## 1. Purpose of report

- 1.1. The purpose of this report is for the Accountability Board (the Board) to consider the overall position of the Getting Building Fund (GBF) capital programme.

## 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 £53.569m, as set out in Table 1.
- 2.1.2. **Note** the updates on the projects which have received approval for retention of GBF funding beyond 31 March 2022.
- 2.1.3. **Note** the identified risk to the delivery of the Jaywick Market and Commercial Space project. Noting that a formal decision regarding the increase in project cost and ongoing assurance regarding the value for money offered by the Project will be sought from the Board in April 2022.
- 2.1.4. **Note** the update on the GBF projects which have been identified as High Risk.

## 3. Summary Position

- 3.1. In November 2021, the Fast Track Business Solutions for the Hastings Manufacturing Sector project was removed from the GBF programme. This released £3.5m GBF for reallocation to alternative projects on the GBF prioritised project pipeline. £1.4m of this GBF funding was awarded to support The Amelia Scott project in November 2021 and the award of the remaining funding will be considered under Agenda Items 8 and 9 at this meeting.
- 3.2. If the Board agree with the recommendations outlined in Agenda Items 8 and 9 and Government agree the addition of the projects to the programme, the £85m GBF allocation awarded to SELEP by Central Government will, once again, be fully allocated to projects.

## Getting Building Fund Capital Programme Update

- 3.3. A very limited GBF prioritised project pipeline remains in place and consideration will be given to the ongoing need for GBF funding to support delivery of the remaining pipeline project should any further projects be removed from the GBF programme and their funding returned to SELEP for reallocation. If there is no identified need for further investment in the pipeline project, following an initial award of funding at this meeting under Agenda Item 8, alternative proposals for investment of the available GBF funding will be presented to the Strategic Board in March 2022.
- 3.4. The delivery of the GBF projects is being closely monitored as the programme moves towards its conclusion in March 2022, with any identified High Risk projects being flagged to the Board.
- 3.5. In accordance with the decisions taken by the Board in July 2021, consideration is also being given to those projects which require the retention of GBF funding beyond 31 March 2022 to enable project delivery. Decisions are sought regarding the retention of GBF funding beyond March 2022 against 5 projects under Agenda Item 7.

### **4. Getting Building Fund spend position**

- 4.1. As reported at the September Board meeting, GBF spend in 2020/21 was significantly lower than forecast at the beginning of the GBF programme. Total GBF spend in 2020/21 was reported to be £13.614m, which left £71.386m to be spent in 2021/22. To date, actual GBF spend in 2021/22 totals £29.680m.
- 4.2. To date, the Board have agreed that 5 projects can retain their GBF funding beyond March 2022 for a maximum period of 6 months. In addition, in November 2021 the Board agreed that as an exception 2 projects (Acceleration of full-fibre broadband deployment in very rural or very hard to reach areas and Extension of the full-fibre broadband rollout in Essex to reach rural and hard to reach areas) can retain their GBF funding beyond March 2022 for a maximum period of 12 months.
- 4.3. The Board are asked to consider the retention of GBF funding beyond March 2022 against another 5 projects at this meeting under Agenda Item 7. The extended spend profiles for all 12 projects have been taken into account in the updated spend profile set out in Table 1 below.
- 4.4. Table 1 below sets out the updated GBF spend forecast for future years. This table takes into account the GBF projects which the Board are asked to consider for funding award under Agenda Items 8 and 9.



**Table 1: Summary GBF spend forecast - all years (£m)**

Local Authority	GBF Total Allocation	Actual GBF spend - 2020/21	Actual GBF spend - Q1, Q2 and Q3 2021/22	Forecast GBF spend - Q4 2021/22	Forecast GBF spend - 2022/23	Total	% of GBF funding spent to date
East Sussex County Council	8.220	1.656	1.798	2.440	2.326	<b>8.220</b>	42.01%
Essex County Council	28.083	4.542	6.192	11.218	6.132	<b>28.083</b>	38.22%
Kent County Council	37.428	6.266	19.298	6.906	4.958	<b>37.428</b>	68.30%
Medway Council	2.768	0.205	0.869	1.694	0.000	<b>2.768</b>	38.82%
Southend-on-Sea Borough Council	5.400	0.000	0.000	1.350	4.050	<b>5.400</b>	0.00%
Thurrock Council	3.100	0.946	1.523	0.281	0.350	<b>3.100</b>	79.65%
<b>Total</b>	<b>85.000</b>	<b>13.614</b>	<b>29.680</b>	<b>23.889</b>	<b>17.817</b>	<b>85.000</b>	<b>50.93%</b>

- 4.5. GBF funding totalling £23.889m is forecast for spend in Q4 2021/22, with the remaining £17.817m expected to be spent in 2022/23, however, this is subject to Board approval of requests from 5 projects to retain their GBF allocations beyond March 2022 which will be considered under Agenda Item 7 and approval of the 5 projects seeking funding approval under Agenda Items 8 and 9.
- 4.6. The Board will be asked to consider the management of the £11.241m GBF funding currently forecast to still be held by Essex County Council, as Accountable Body for SELEP, at 31 March 2022 under Agenda Item 6.
- 5. Update on projects which have received approval for retention of GBF funding beyond March 2022**
- 5.1. Updates on all projects which have received approval for retention of GBF funding beyond March 2022 will be provided at each Board meeting to ensure that the projects remain on track to complete GBF spend by 30 September 2022 (or 31 March 2023 for the two Essex broadband projects) at the latest.
- 5.2. To date, the Board have approved the retention of GBF funding beyond March 2022 against 7 projects. Updates on 6 of the projects are provided in Appendix D. An update on the seventh project, Jaywick Market and Commercial Space is provided in Section 6 of this report.
- 5.3. There are 3 ongoing risks to project delivery which have the potential to further delay spend of the GBF funding.
- 5.4. Firstly, for the UTC Maritime and Sustainable Technology Hub project, the acquisition of the lease has still not been completed. At the November 2021 Board meeting, it was reported that it was expected that the acquisition of the lease would be completed by early December 2021. However, Lewes District Council are still undertaking due diligence, with the results of the searches due to be returned in January 2022. This has resulted in the acquisition of the lease slipping until to the end of February 2022. Any further delays to the acquisition of the lease may threaten the ability of the project to complete GBF spend by the end of September 2022.
- 5.5. Secondly, the completion of the Riding Sunbeams project is subject to progression through Network Rail GRIP Stages 1 to 8. The project is currently progressing through GRIP 1 to 4,

with a programme for the later phases not available until GRIP 4 has been completed. In addition, receipt of required approvals from Network Rail have been further pushed back as a direct result of delays in the provision of required information from UK Power Networks (UKPN). Due to these factors there remains an element of uncertainty around the timetable for construction and completion of the project. A further update on the anticipated delivery programme will be provided at the April 2022 Board meeting.

- 5.6. Finally, as outlined at the last Board meeting there are a number of risks relating to the delivery of the Better Queensway project. These risks primarily stem from the fact that this is a major regeneration project, with the GBF funding playing a small part in supporting the initial enabling works. Due to the scale of the Project and the duration of the delivery programme (currently programmed to run until 2033), the Project is not currently as far progressed as most of the GBF projects. Whilst this raises some concerns, mitigation measures have been put in place, as detailed in Appendix D, to minimise the risk that the GBF funding will not be spent in full by September 2022.
- 5.7. Since the last Board meeting, it has been reported that the Regulator for Social Housing (RSH) has taken the decision to downgrade Swan Housing Association's viability and governance grades. Swan Housing are acting as development partner for the Project in a Joint Venture with Southend-on-Sea Borough Council. In addition, Swan have announced a partnership with Orbit, which is expected to complete in late 2022. Southend-on-Sea Borough Council is seeking assurances from Swan Housing about the future of the Project and is actively seeking a meeting with Orbit. At this stage, indications are that the Project will proceed as planned, however, discussions between all parties and Homes England (who provided £15m Housing Infrastructure Fund to support delivery of the Project) continue. A further update on this risk will be provided at the next Board meeting.
- 5.8. All three of these projects have been classified as High risk whilst work is ongoing to address these risks.
- 5.9. A full review of the deliverability of all projects which have received approval for retention of GBF funding beyond March 2022 will be carried out and an update on their continued ability to deliver by September 2022 will be provided at the April 2022 Board meeting.

## 6. Deliverability and Risk

- 6.1. Appendix C sets out a delivery update and risk assessment for all projects included in the GBF programme. This provides a detailed breakdown of the delivery progress for each 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 2 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 GBF projects based on:
  - 6.3.1. **Delivery** – considers project delays and any delays to the delivery of the 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 Government guidance on the assessment of GBF 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 GBF spend forecast for the last quarter of the formal GBF programme (Q4 2021/22) and beyond (where agreed by the Board).
- 6.3.4. **Reputation** – considers the reputational risk for the delivery partner, relevant Upper Tier Local Authority and SELEP Ltd.

**Table 2: Summary of GBF project risk**

Risk Score	Number of projects	GBF allocation to projects (£m)	GBF spend forecast in Q4 2021/22 or 2022/23 (£m)
Low Risk - 1	9	18.724	0.138
Low/Medium Risk - 2	5	19.785	5.715
Medium Risk - 3	7	16.357	9.097
Medium/High Risk - 4	6	6.408	5.918
High Risk - 5	9	21.626	18.738
<b>Total</b>	<b>36</b>	<b>82.900</b>	<b>39.605</b>

- 6.4. In total £21.626m GBF is allocated to High Risk projects, with £18.738m of this funding unspent at the end of Q3 2021/22. This analysis does not include those GBF projects which are seeking funding approval at this meeting.
- 6.5. A number of projects are considered to present a High financial risk due to the profiling of the GBF funding. Projects which are forecasting a high proportion of GBF spend in Q4 2021/22 (or beyond) have been assessed as Medium/High Risk or High Risk. If delivery is progressing to programme, these projects are not automatically assumed to be High Risk in all areas and are therefore not all reflected within the nine High Risk projects identified in Table 2. These projects will be monitored closely, and the Board will be updated if, due to deliverability concerns, the overall project RAG rating increases.
- 6.6. The 9 High Risk projects identified in Table 2 are:
  - 6.6.1. Riding Sunbeams Solar Railways
  - 6.6.2. UTC Maritime and Sustainable Technology Hub

## Getting Building Fund Capital Programme Update

6.6.3. Jaywick Market and Commercial Space

6.6.4. Tendring Bikes and Cycle Infrastructure

6.6.5. Laindon Place

6.6.6. Romney Marsh Employment Hub

6.6.7. First and Second Floors, Building 500, Discovery Park, Sandwich (Discovery Park Incubator)

6.6.8. Better Queensway

6.6.9. ASELA LFFN

6.7. Updates on Tendring Bikes and Cycle Infrastructure, Laindon Place, Romney Marsh Employment Hub, Discovery Park Incubator and ASELA LFFN are provided under Agenda Item 7. These projects are considered to be High risk as requests to retain the GBF funding beyond March 2022 have been submitted but not yet determined by the Board. Updates on Riding Sunbeams Solar Railways, UTC Maritime and Sustainable Technology Hub and Better Queensway are provided in Appendix D to this report and an update on Jaywick Market and Commercial Space is set out below.

### Jaywick Market and Commercial Space

6.8. The project will build and operate a covered market and affordable business space on a gateway site in Jaywick Sands to support the local economy, grow local entrepreneurship, and grow and retain economic activity and job creation in the local area.

6.9. The project will construct affordable rent business units offering 9,500 sq ft lettable area and a covered local market of 10 affordable pitches. Alongside this, the public realm in the area will be improved including the creation of a new community garden and a multipurpose hard landscaped area which can be used for outdoor markets and seasonal events. This will form part of a programme of wider regeneration and will deliver an extensive range of positive social impacts to help alleviate the severe deprivation experienced by much of the Jaywick Sands community including increased employment opportunities, increased training opportunities, a rise in skills and employability, pride in the area, a rise in aspiration especially amongst younger people and significantly improved health benefits through affordable access to fresh foods.

6.10. The Board approved the award of £1.972m of GBF funding to support delivery of the Project in November 2020.

6.11. The Project sought approval for retention of their GBF funding allocation beyond March 2022 at the November 2021 Board meeting. As part of this decision the Board were made aware that procurement of a lead Building Contractor was ongoing and there was therefore a risk of increased project costs.

- 6.12. The procurement process has now been completed and the tenders received were significantly higher than anticipated. This increase in cost has been attributed to recent rises in the cost of materials.
- 6.13. The total Project cost outlined in the Business Case was £2.1m. Following the procurement process, the expected project cost is £4.4m.
- 6.14. Due to the higher than anticipated construction cost there has been a need for Tendring District Council to re-evaluate their finances and to seek additional finance from partners to enable delivery of the Project to continue. A report has been prepared for consideration by Tendring District Council Cabinet seeking agreement to allocate a further £0.254m to support delivery of the Project. The remaining funding required is being sought from external partners but has not yet been secured meaning that currently there is a funding gap of approximately £1.680m. Tendring District Council is expecting to receive confirmation from partners in early February 2022 regarding the availability of any further funding to support delivery of the Project. If further information is available, a verbal update on the status of the funding package will be provided during the course of the Board meeting and it is expected that the full funding package will be included within the update report provided to the Board in April 2022.
- 6.15. The fixed price tenders received for the proposed works are time limited but will hold until 6 March 2022. With confirmation of funding availability expected in early February 2022, it is expected that if funding is available it will be possible to progress with one of the tenders already received.
- 6.16. Given the scale of the cost increase, a formal decision is required from the Board to agree the increase in total project cost as per the requirements of the Assurance Framework. However, this decision cannot be taken until assurances have been received regarding the ability of the project to continue to offer High value for money.
- 6.17. The original Business Case indicated that the project offered a Benefit Cost Ratio (BCR) of 5:1, which represented very High value for money. An updated value for money assessment has been provided which shows that the BCR offered by the Project remains above 3:1 when taking into account the increased cost of delivering the Project. This value for money assessment will need to be reviewed by the Independent Technical Evaluator (ITE) before a decision can be taken by the Board. It is therefore expected that the Board will be asked to agree the increase in total project cost in April 2022.
- 6.18. Whilst acknowledging the risk posed by the current funding gap, in light of the provision of an updated value for money assessment which demonstrates that the project continues to offer High value for money, it is recommended that GBF spend on the project is allowed to continue whilst the review is undertaken by the ITE. However, the Board should note that, due to the time needed to secure the additional funding required to enable project delivery, there is an increased risk that the Project will be unable to complete by September 2022 as required.

## **7. GBF Programme Risks**

- 7.1. In addition to project specific risks, Appendix B sets out the overall programme risks. The main risk relates to the significant reduction in GBF spend during 2020/21, compared to the spend forecast provided at the start of the GBF programme. As a result of the reduction in spend, there is now a requirement for GBF spend of £71.364m in 2021/22. This has, in part, been mitigated by the Board decision to allow projects to retain their GBF allocation beyond 31 March 2022 if certain criteria and conditions are met. However, this mechanism is only designed for use in exceptional circumstances and there remains an expectation that the majority of the GBF projects will deliver by the end of March 2022 as originally agreed.
- 7.2. Other identified risks relate to the impact of the COVID-19 pandemic 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.

## **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 received the first tranche of GBF for £42.5m from MHCLG in September 2020; this funding was transferred in full to Partner authorities to support delivery of the Projects. The second tranche of GBF for £42.5m was received from MHCLG in May 2021.
- 8.2. 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. This is managed through a Service Level Agreement (SLA) that is in place with each Partner Authority and sets out the conditions of the grant.
- 8.3. GBF is allocated through a grant determination from MHCLG (now Department of Levelling Up, Housing and Communications) via section 31 of the Local Government Act 2003; this is subject to the following condition:
- The grant may be used only for the purposes that a capital receipt may be used for, in accordance with regulations made under section 11 of the Local Government Act 2003.*
- 8.4. Should the funding not be utilised in accordance with the conditions, Government may request return of the funding, or withhold future funding streams.
- 8.5. The grant conditions do not impose an end date for use of the funding, albeit that it was the expectation of Government that all funding is defrayed by 31 March 2022.
- 8.6. SELEP has previously discussed the proposed approach regarding the retention of GBF funding beyond March 2022 with Government and it was confirmed that no additional governance or approvals would be required from Government in this respect. The SELEP is permitted to use its freedoms and flexibilities, within the conditions of the grant.
- 8.7. The latest forecast (table 2) indicates that £11.241m of the total £85m GBF allocation will be spent after 31 March 2022. As the conditions of the grant from Government do not include an end date, there is no risk of clawback by Government due to spend beyond 31

March 2022; however, there is reputational risk to SELEP and potential risk to future funding streams where defrayal of funding and delivery cannot be demonstrated – Government review this as part of the Annual Performance Review of LEPs in advance of confirming funding for the forthcoming year.

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

- 9.1. There are no significant legal implications arising from the proposals set out in this report. If any Projects are cancelled at a later date, the provisions set out with the SLA in place between Essex County Council, as Accountable Body, and the Partner Authorities will be activated, and Essex County Council will work with the Partner Authorities to recover any abortive revenue costs.

### **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 – GBF Spend Position
- 11.2. Appendix B – Programme Risk Register
- 11.3. Appendix C - Project deliverability and risk update
- 11.4. Appendix D - Updates on projects which have received approval for GBF spend beyond 31 March 2022

**(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)**

## Getting Building Fund Capital Programme Update

Role	Date
<b>Accountable Body sign off</b>  Stephanie Mitchener  (on behalf of Nicole Wood, S151 Officer, Essex County Council)	  03/02/2022



# Appendix A - GBF Spend Position

				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	Q3 2020-21	Q4 2020-21	Q4 2020-21	Q4 2020-21	
				Baseline	Actual	Difference	Baseline	Actual	Difference	Baseline	Actual	Difference		
East Sussex														
Fast Track Business Solutions for the Hastings Manufacturing Sector - <b>project removed from GBF programme</b>	GBF002	East Sussex												
Restoring the Glory of the Winter Garden	GBF003	East Sussex	1,600,000	-	-	-	-	75,660	75,660	600,000	502,104	-	97,896	
The Observer Building, Hastings (Phase 2) Option A	GBF004	East Sussex	1,713,000	-	-	-	-	165,656	165,656	914,000	769,022	-	144,978	
Charleston's access road: removing the barrier to growth	GBF009	East Sussex	329,835	-	-	-	20,000	-	20,000	69,293	-	-	69,293	
Creative Hub, 4 Fisher Street, Lewes	GBF010	East Sussex	250,000	-	-	-	-	128,962	128,962	250,000	14,154	-	235,846	
Riding Sunbeams Solar Railways	GBF011	East Sussex	2,527,500	1,336,596	-	1,336,596	592,122	-	592,122	413,654	-	-	413,654	
Sussex Innovation Falmer - Covid Secure adoptions-	GBF012	East Sussex	200,000	-	-	-	-	-	-	200,000	-	-	200,000	
UTC Maritime & Sustainable Technology Hub	GBF013	East Sussex	1,300,000	-	-	-	-	-	-	300,000	-	-	300,000	
Food Street, Eastbourne (subject to Board and Government approval)	GBF039	East Sussex	100,000	-	-	-	-	-	-	-	-	-	-	
Seven Sisters Country Park Visitor Infrastructure Uplift (subject to Board and Government approval)	GBF040	East Sussex	200,000	-	-	-	-	-	-	-	-	-	-	
			8,220,335	1,336,596	-	1,336,596	612,122	370,278	-	241,844	2,746,947	1,285,280	-	1,461,667
Essex														
Acceleration of full-fibre broadband deployment in very rural or very hard-to reach premises	GBF005	Essex	680,000	-	-	-	-	-	-	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	-	-	1,820,000	
Enterprise Centre for Horizon 120 Business Park	GBF014	Essex	7,000,000	1,846,669	-	1,846,669	-	-	-	5,153,331	967,422	-	4,185,909	
Harlow Library	GBF015	Essex	977,000	-	-	-	-	-	-	-	-	-	-	
Jaywick Market & Commercial Space	GBF016	Essex	1,972,000	-	-	-	-	-	-	170,973	-	-	170,973	
Labworth Car Park, Canvey Island modernisation	GBF017	Essex	700,000	-	-	-	-	-	-	326,888	326,888	-	888	
Modus	GBF018	Essex	1,960,000	-	-	-	-	-	-	1,960,000	1,960,000	-	-	
Nexus	GBF019	Essex	1,600,000	-	-	-	-	-	-	1,600,000	-	-	1,600,000	
Remodelling of buildings at Harlow College to provide new 'T'-levels	GBF020	Essex	1,500,000	-	-	-	-	-	-	103,778	24,328	-	79,450	
Rocheway	GBF021	Essex	713,000	-	-	-	334,000	-	334,000	379,000	218,498	-	160,502	
Swan modular housing factory	GBF022	Essex	4,530,000	-	-	-	-	-	-	2,046,625	1,044,405	-	1,002,220	
Tendring Bikes & Cycle Infrastructure	GBF023	Essex	2,300,000	-	-	-	-	-	-	700,000	-	-	700,000	
Tindal Square, Chelmsford	GBF024	Essex	750,000	-	-	-	-	-	-	-	-	-	-	
Laindon Place	GBF035	Essex	790,000	-	-	-	-	-	-	-	-	-	-	
Princess Alexandra Hospital Training and Education Facility (subject to Board and Government approval)	GBF041	Essex	500,000	-	-	-	-	-	-	-	-	-	-	
Braintree Active Travel (subject to Board and Government approval)	GBF042	Essex	291,000	-	-	-	-	-	-	-	-	-	-	
			28,083,000	1,846,669	-	1,846,669	334,000	-	334,000	14,939,707	4,541,541	-	10,398,166	
Kent														
Digitally Connecting Rural Kent and Medway	GBF001	Kent	2,290,152	-	-	-	-	-	-	260,543	64,743	-	195,800	
Javelin Way Development	GBF025	Kent	578,724	-	-	-	289,362	-	289,362	289,362	578,724	-	289,362	
Romney Marsh Employment Hub	GBF026	Kent	3,536,466	-	-	-	-	-	-	1,564,000	-	-	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	1,760,741	-	1,219,561	
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	2,459,825	-	357,563	
The Meeting Place Swanley	GBF030	Kent	1,490,000	-	-	-	211,949	-	211,949	-	-	-	-	
St George's Creative Hub	GBF036	Kent	323,204	-	-	-	-	-	-	-	-	-	-	
The Amelia Scott	GBF038	Kent	1,400,000	-	-	-	-	-	-	-	-	-	-	
Techfort (subject to Board and Government approval)	GBF043	Kent	1,009,000	-	-	-	-	-	-	-	-	-	-	
			37,428,342	276,892	276,892	-	3,758,505	1,125,066	2,633,439	7,196,469	4,864,033	-	2,332,436	
Medway														
Britton Farm Redevelopment Learning, Skills & Employment Hub	GBF007	Medway	1,990,000	-	-	-	50,000	64,328	14,328	480,000	140,829	-	339,171	
Innovation Park Medway - Sustainable City of Business	GBF037	Medway	778,323	-	-	-	-	-	-	-	-	-	-	
			2,768,323	-	-	-	50,000	64,328	14,328	480,000	140,829	-	339,171	
Southend														
Better Queensway	GBF031	Southend	4,200,000	-	-	-	-	-	-	-	-	-	-	
South Essex No Use Empty	GBF032	Southend	1,200,000	-	-	-	-	-	-	400,000	-	-	400,000	
			5,400,000	-	-	-	-	-	-	400,000	-	-	400,000	
Thurrock														
LFFN	GBF008	Thurrock	2,500,000	-	-	-	-	2,150	2,150	1,000,000	944,068	-	55,932	
Transport and Logistics Institute	GBF034	Thurrock	600,000	-	-	-	-	-	-	-	-	-	-	
			3,100,000	-	-	-	-	2,150	2,150	1,000,000	944,068	-	55,932	
Total			85,000,000	3,460,157	276,892	3,183,265	4,754,627	1,561,822	3,192,805	26,763,123	11,775,751	-	14,987,372	

# Appendix A - GBF Spend Position

Project Name	2021/22										
	Total Baseline	Total Actual	Total Difference	Q1 2021-22	Q1 2021-22	Q1 2021-22	Q2 2021-22	Q2 2021-22	Q2 2021-22	Q3 2021-22	Q3 2021-22
	2020/21	2020/21	2020/21	Baseline	Actual	Difference	Baseline	Actual	Difference	Baseline	Actual
<b>East Sussex</b>											
Fast Track Business Solutions for the Hastings Manufacturing Sector - <b>project removed from GBF programme</b>											
Restoring the Glory of the Winter Garden	600,000	577,764 -	22,236	-	226,599	226,599	-	420,859	420,859	-	250,000
The Observer Building, Hastings (Phase 2) Option A	914,000	934,678	20,678	-	-	-	-	228,312	228,312	-	125,465
Charleston's access road: removing the barrier to growth	89,293	- -	89,293	-	-	-	240,542	142,941 -	97,601	-	47,096
Creative Hub, 4 Fisher Street, Lewes	250,000	143,116 -	106,884	-	89,431	89,431	-	17,453	17,453	-	-
Riding Sunbeams Solar Railways	2,342,372	- -	2,342,372	185,128	50,000 -	135,128	-	-	-	-	-
Sussex Innovation Falmer - Covid Secure adoptions	200,000	- -	200,000	-	155,810	155,810	-	44,190	44,190	-	-
UTC Maritime & Sustainable Technology Hub	300,000	- -	300,000	250,000	- -	250,000	250,000	- -	250,000	250,000	-
Food Street, Eastbourne (subject to Board and Government approval)	-	-	-	-	-	-	-	-	-	-	-
Seven Sisters Country Park Visitor Infrastructure Uplift (subject to Board and Government approval)	-	-	-	-	-	-	-	-	-	-	-
<b>Essex</b>	4,695,665	1,655,558 -	3,040,107	435,128	521,840	86,712	490,542	853,755	363,213	250,000	422,561
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	967,422 -	6,032,578	-	-	-	-	1,458,670	1,458,670	-	1,213,675
Harlow Library	-	-	-	-	-	-	-	90,349	90,349	-	509,859
Jaywick Market & Commercial Space	170,973	- -	170,973	-	-	-	-	-	-	-	-
Labworth Car Park, Canvey Island modernisation	326,000	326,888	888	-	371,297	371,297	374,000	1,815 -	372,185	-	-
Modus	1,960,000	1,960,000	-	-	-	-	-	-	-	-	-
Nexus	1,600,000	- -	1,600,000	-	-	-	-	-	-	-	299,798
Remodelling of buildings at Harlow College to provide new 'T'-levels	103,778	24,328 -	79,450	-	31,470	31,470	-	-	-	-	942,256
Rocheway	713,000	218,498 -	494,502	-	-	-	-	494,502	494,502	-	-
Swan modular housing factory	2,046,625	1,044,405 -	1,002,220	-	-	-	-	504,811	504,811	-	273,177
Tendring Bikes & Cycle Infrastructure	700,000	- -	700,000	-	-	-	-	-	-	-	-
Tindal Square, Chelmsford	-	-	-	-	-	-	-	-	-	-	-
Laindon Place	-	-	-	-	-	-	395,000	- -	395,000	197,500	-
Princess Alexandra Hospital Training and Education Facility (subject to Board and Government approval)	-	-	-	-	-	-	-	-	-	-	-
Braintree Active Travel (subject to Board and Government approval)	-	-	-	-	-	-	-	-	-	-	-
<b>Kent</b>	17,120,376	4,541,541 -	12,578,835	-	402,767	402,767	769,000	2,550,147	1,781,147	197,500	3,238,765
Digitally Connecting Rural Kent and Medway	260,543	64,743 -	195,800	233,527	42,870 -	190,657	238,527	36,431 -	202,096	743,027	278,686
Javelin Way Development	578,724	578,724	-	-	-	-	-	-	-	-	-
Romney Marsh Employment Hub	1,564,000	- -	1,564,000	493,116	- -	493,116	493,117	435,000 -	58,117	493,116	533,995
Thanet Parkway Railway Station	6,514,388	3,162,699 -	3,351,689	1,371,152	3,536,934	2,165,782	1,371,152	5,299,367	3,928,215	1,371,152	-
First and Second Floors, Building 500, Discovery Park, Sandwich	-	-	-	550,000	-	550,000	1,500,000	- -	1,500,000	450,000	-
New Performing & Production Digital Arts Facility @ North Kent College	2,102,262	2,459,825	357,563	2,788,195	2,519,264 -	268,931	3,557,187	2,928,439 -	628,748	3,013,925	2,769,601
The Meeting Place Swanley	211,949	- -	211,949	319,515	- -	319,515	319,512	245,158 -	74,354	319,512	362,327
St George's Creative Hub	-	-	-	323,204	- -	323,204	-	-	-	-	310,000
The Amelia Scott	-	-	-	-	-	-	-	-	-	-	-
Techfort (subject to Board and Government approval)	-	-	-	-	-	-	-	-	-	-	-
<b>Medway</b>	11,231,866	6,265,991 -	4,965,875	6,078,709	6,099,068	20,359	7,479,495	8,944,395	1,464,900	6,390,732	4,254,609
Britton Farm Redevelopment Learning, Skills & Employment Hub	530,000	205,157 -	324,843	200,000	147,999 -	52,001	350,000	156,512 -	193,488	400,000	564,867
Innovation Park Medway - Sustainable City of Business	-	-	-	-	-	-	-	-	-	-	-
<b>Southend</b>	530,000	205,157 -	324,843	200,000	147,999 -	52,001	350,000	156,512 -	193,488	400,000	564,867
Better Queensway	-	-	-	-	-	-	-	-	-	-	-
South Essex No Use Empty	400,000	- -	400,000	400,000	- -	400,000	300,000	- -	300,000	100,000	-
<b>Thurrock</b>	400,000	- -	400,000	400,000	- -	400,000	300,000	- -	300,000	100,000	-
LFFN	1,000,000	946,218 -	53,782	400,000	501,191	101,191	400,000	330,000 -	70,000	400,000	91,666
Transport and Logistics Institute	-	-	-	300,000	469,500	169,500	300,000	130,500 -	169,500	-	-
<b>Total</b>	1,000,000	946,218 -	53,782	700,000	970,691	270,691	700,000	460,500 -	239,500	400,000	91,666
<b>Total</b>	34,977,907	13,614,465 -	21,363,442	7,813,837	8,142,365	328,528	10,089,037	12,965,309	2,876,272	7,738,232	8,572,468

# Appendix A - GBF Spend Position

Project Name											
	Q3 2021-22	Q4 2021-22	Q4 2021-22	Q4 2021-22	Total Baseline	Total Forecast	Total Difference	Q1 2022/23	Q1 2022/23	Q1 2022/23	Q2 2022/23
	Difference	Baseline	Forecast	Difference	2021/22	2021/22	2021/22	Baseline	Forecast	Difference	Baseline
<b>East Sussex</b>											
Fast Track Business Solutions for the Hastings Manufacturing Sector - <b>project removed from GBF programme</b>											
Restoring the Glory of the Winter Garden	250,000	1,000,000	124,778 -	875,222	1,000,000	1,022,236	22,236	-	-	-	-
The Observer Building, Hastings (Phase 2) Option A	125,465	799,000	424,545 -	374,455	799,000	778,322 -	20,678	-	-	-	-
Charleston's access road: removing the barrier to growth	47,096	-	139,798	139,798	240,542	329,835	89,293	-	-	-	-
Creative Hub, 4 Fisher Street, Lewes	-	-	-	-	-	106,884	106,884	-	-	-	-
Riding Sunbeams Solar Railways	-	-	1,046,756	1,046,756	185,128	1,096,756	911,628	-	1,068,273	1,068,273	-
Sussex Innovation Falmer - Covid Secure adoptions-	-	-	-	-	-	200,000	200,000	-	-	-	-
UTC Maritime & Sustainable Technology Hub	- 250,000	250,000	594,257	344,257	1,000,000	594,257 -	405,743	-	349,257	349,257	-
Food Street, Eastbourne (subject to Board and Government approval)	-	100,000	100,000	-	100,000	100,000	-	-	-	-	-
Seven Sisters Country Park Visitor Infrastructure Uplift (subject to Board and Government approval)	-	10,000	10,000	-	10,000	10,000	-	100,000	100,000	-	90,000
<b>Essex</b>	<b>172,561</b>	<b>2,159,000</b>	<b>2,440,134</b>	<b>281,134</b>	<b>3,334,670</b>	<b>4,238,290</b>	<b>903,620</b>	<b>100,000</b>	<b>1,517,530</b>	<b>1,417,530</b>	<b>90,000</b>
Acceleration of full-fibre broadband deployment in very rural or very hard-to reach premises	-	-	-	-	-	-	-	-	-	-	-
Extension of the full-fibre broadband rollout in Essex to reach rural and hard to reach premises	-	-	-	-	-	-	-	-	200,000	200,000	-
Enterprise Centre for Horizon 120 Business Park	1,213,675	-	3,360,233	3,360,233	-	6,032,578	6,032,578	-	-	-	-
Harlow Library	509,859	977,000	376,792 -	600,208	977,000	977,000	-	-	-	-	-
Jaywick Market & Commercial Space	-	1,801,027	590,000 -	1,211,027	1,801,027	590,000 -	1,211,027	-	675,000	675,000	-
Labworth Car Park, Canvey Island modernisation	-	-	-	-	374,000	373,112 -	888	-	-	-	-
Modus	-	-	-	-	-	-	-	-	-	-	-
Nexus	299,798	-	1,300,202	1,300,202	-	1,600,000	1,600,000	-	-	-	-
Remodelling of buildings at Harlow College to provide new 'T'-levels	942,256	1,396,222	501,946 -	894,276	1,396,222	1,475,672	79,450	-	-	-	-
Rocheway	-	-	-	-	-	494,502	494,502	-	-	-	-
Swan modular housing factory	273,177	2,483,375	2,707,607	224,232	2,483,375	3,485,595	1,002,220	-	-	-	-
Tendring Bikes & Cycle Infrastructure	-	1,600,000	800,000 -	800,000	1,600,000	800,000 -	800,000	-	750,000	750,000	-
Tindal Square, Chelmsford	-	750,000	750,000	-	750,000	750,000	-	-	-	-	-
Laindon Place	- 197,500	197,500	40,000 -	157,500	790,000	40,000 -	750,000	-	100,000	100,000	-
Princess Alexandra Hospital Training and Education Facility (subject to Board and Government approval)	-	500,000	500,000	-	500,000	500,000	-	-	-	-	-
Braintree Active Travel (subject to Board and Government approval)	-	291,000	291,000	-	291,000	291,000	-	-	-	-	-
	3,041,265	9,996,124	11,217,780	1,221,656	10,962,624	17,409,459	6,446,835	-	1,725,000	1,725,000	-
<b>Kent</b>											
Digitally Connecting Rural Kent and Medway	- 464,341	814,528	1,867,422	1,052,894	2,029,609	2,225,409	195,800	-	-	-	-
Javelin Way Development	-	-	-	-	-	-	-	-	-	-	-
Romney Marsh Employment Hub	40,879	493,117	918,343	425,226	1,972,466	1,887,338 -	85,128	-	1,100,000	-	-
Thanet Parkway Railway Station	- 1,371,152	1,371,156	-	1,371,156	5,484,612	8,836,301	3,351,689	-	-	-	-
First and Second Floors, Building 500, Discovery Park, Sandwich	- 450,000	-	200,000	200,000	2,500,000	200,000 -	2,300,000	-	800,000	800,000	-
New Performing & Production Digital Arts Facility @ North Kent College	- 244,324	840,227	1,624,667	784,440	10,199,534	9,841,971 -	357,563	-	-	-	-
The Meeting Place Swanley	42,815	319,512	882,515	563,003	1,278,051	1,490,000	211,949	-	-	-	-
St George's Creative Hub	310,000	-	13,204	13,204	323,204	323,204	-	-	-	-	-
The Amelia Scott	-	1,400,000	1,400,000	-	1,400,000	1,400,000	-	-	-	-	-
Techfort (subject to Board and Government approval)	-	-	-	-	-	-	-	126,125	126,125	-	630,625
	- 2,136,123	5,238,540	6,906,151	1,667,611	23,464,272	26,204,223	2,739,951	126,125	2,026,125	1,900,000	630,625
<b>Medway</b>											
Britton Farm Redevelopment Learning, Skills & Employment Hub	164,867	510,000	915,465	405,465	1,460,000	1,784,843	324,843	-	-	-	-
Innovation Park Medway - Sustainable City of Business	-	778,323	778,323	-	778,323	778,323	-	-	-	-	-
	164,867	1,288,323	1,693,788	405,465	2,238,323	2,563,166	324,843	-	-	-	-
<b>Southend</b>											
Better Queensway	-	4,200,000	1,050,000 -	3,150,000	4,200,000	1,050,000 -	3,150,000	-	1,050,000	-	-
South Essex No Use Empty	- 100,000	-	300,000	300,000	800,000	300,000 -	500,000	-	500,000	-	-
	- 100,000	4,200,000	1,350,000 -	2,850,000	5,000,000	1,350,000 -	3,650,000	-	1,550,000	1,550,000	-
<b>Thurrock</b>											
LFFN	- 308,334	300,000	280,925 -	19,075	1,500,000	1,203,782 -	296,218	-	350,000	350,000	-
Transport and Logistics Institute	-	-	-	-	600,000	600,000	-	-	-	-	-
	- 308,334	300,000	280,925 -	19,075	2,100,000	1,803,782 -	296,218	-	350,000	350,000	-
<b>Total</b>	<b>834,236</b>	<b>23,181,987</b>	<b>23,888,778</b>	<b>706,791</b>	<b>47,099,889</b>	<b>53,568,920</b>	<b>6,469,031</b>	<b>226,125</b>	<b>7,168,655</b>	<b>6,942,530</b>	<b>720,625</b>

# Appendix A - GBF Spend Position

Project Name	2022/23									
	Q2 2022/23	Q2 2022/23	Q3 2022/23	Q3 2022/23	Q3 2022/23	Q4 2022/23	Q4 2022/23	Q4 2022/23	Total Baseline	Total Forecast
	Forecast	Difference	Baseline	Forecast	Difference	Baseline	Forecast	Difference	2022/23	2022/23
<b>East Sussex</b>										
Fast Track Business Solutions for the Hastings Manufacturing Sector - <b>project removed from GBF programme</b>										
Restoring the Glory of the Winter Garden	-	-	-	-	-	-	-	-	-	-
The Observer Building, Hastings (Phase 2) Option A	-	-	-	-	-	-	-	-	-	-
Charleston's access road: removing the barrier to growth	-	-	-	-	-	-	-	-	-	-
Creative Hub, 4 Fisher Street, Lewes	-	-	-	-	-	-	-	-	-	-
Riding Sunbeams Solar Railways	362,471	362,471	-	-	-	-	-	-	-	1,430,744
Sussex Innovation Falmer - Covid Secure adoptions-	-	-	-	-	-	-	-	-	-	-
UTC Maritime & Sustainable Technology Hub	356,486	356,486	-	-	-	-	-	-	-	705,743
Food Street, Eastbourne (subject to Board and Government approval)	-	-	-	-	-	-	-	-	-	-
Seven Sisters Country Park Visitor Infrastructure Uplift (subject to Board and Government approval)	90,000	-	-	-	-	-	-	-	190,000	190,000
	808,957	718,957	-	-	-	-	-	-	190,000	2,326,487
<b>Essex</b>										
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	220,000	220,000	-	1,400,000	1,400,000	-	-	-	-	1,820,000
Enterprise Centre for Horizon 120 Business Park	-	-	-	-	-	-	-	-	-	-
Harlow Library	-	-	-	-	-	-	-	-	-	-
Jaywick Market & Commercial Space	707,000	707,000	-	-	-	-	-	-	-	1,382,000
Labworth Car Park, Canvey Island modernisation	-	-	-	-	-	-	-	-	-	-
Modus	-	-	-	-	-	-	-	-	-	-
Nexus	-	-	-	-	-	-	-	-	-	-
Remodelling of buildings at Harlow College to provide new 'T'-levels	-	-	-	-	-	-	-	-	-	-
Rocheway	-	-	-	-	-	-	-	-	-	-
Swan modular housing factory	-	-	-	-	-	-	-	-	-	-
Tendring Bikes & Cycle Infrastructure	750,000	750,000	-	-	-	-	-	-	-	1,500,000
Tindal Square, Chelmsford	-	-	-	-	-	-	-	-	-	-
Laindon Place	650,000	650,000	-	-	-	-	-	-	-	750,000
Princess Alexandra Hospital Training and Education Facility (subject to Board and Government approval)	-	-	-	-	-	-	-	-	-	-
Braintree Active Travel (subject to Board and Government approval)	-	-	-	-	-	-	-	-	-	-
	2,327,000	2,327,000	-	2,080,000	2,080,000	-	-	-	-	6,132,000
<b>Kent</b>										
Digitally Connecting Rural Kent and Medway	-	-	-	-	-	-	-	-	-	-
Javelin Way Development	-	-	-	-	-	-	-	-	-	-
Romney Marsh Employment Hub	549,128	-	-	-	-	-	-	-	-	1,649,128
Thanet Parkway Railway Station	-	-	-	-	-	-	-	-	-	-
First and Second Floors, Building 500, Discovery Park, Sandwich	1,500,000	1,500,000	-	-	-	-	-	-	-	2,300,000
New Performing & Production Digital Arts Facility @ North Kent College	-	-	-	-	-	-	-	-	-	-
The Meeting Place Swanley	-	-	-	-	-	-	-	-	-	-
St George's Creative Hub	-	-	-	-	-	-	-	-	-	-
The Amelia Scott	-	-	-	-	-	-	-	-	-	-
Techfort (subject to Board and Government approval)	630,625	-	252,250	252,250	-	-	-	-	1,009,000	1,009,000
	2,679,753	2,049,128	630,625	252,250	882,875	-	-	-	1,009,000	4,958,128
<b>Medway</b>										
Britton Farm Redevelopment Learning, Skills & Employment Hub	-	-	-	-	-	-	-	-	-	-
Innovation Park Medway - Sustainable City of Business	-	-	-	-	-	-	-	-	-	-
<b>Southend</b>										
Better Queensway	2,100,000	-	-	-	-	-	-	-	-	3,150,000
South Essex No Use Empty	400,000	-	-	-	-	-	-	-	-	900,000
	2,500,000	2,500,000	-	-	-	-	-	-	-	4,050,000
<b>Thurrock</b>										
LFFN	-	-	-	-	-	-	-	-	-	350,000
Transport and Logistics Institute	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	350,000
<b>Total</b>	<b>8,315,710</b>	<b>7,595,085</b>	<b>630,625</b>	<b>2,332,250</b>	<b>2,962,875</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,199,000</b>	<b>17,816,615</b>

## Appendix A - GBF Spend Position

Project Name	Total Difference	Total Baseline	Total Forecast
	2022/23	All years	All years
<b>East Sussex</b>			
Fast Track Business Solutions for the Hastings Manufacturing Sector - <b>project removed from GBF programme</b>			
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	-	329,835	329,835
Creative Hub, 4 Fisher Street, Lewes	-	250,000	250,000
Riding Sunbeams Solar Railways	1,430,744	2,527,500	2,527,500
Sussex Innovation Falmer - Covid Secure adoptions-	-	200,000	200,000
UTC Maritime & Sustainable Technology Hub	705,743	1,300,000	1,300,000
Food Street, Eastbourne (subject to Board and Government approval)	-	100,000	100,000
Seven Sisters Country Park Visitor Infrastructure Uplift (subject to Board and Government approval)	-	200,000	200,000
	2,136,487	8,220,335	8,220,335
<b>Essex</b>			
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	-	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	1,500,000	2,300,000	2,300,000
Tindal Square, Chelmsford	-	750,000	750,000
Laindon Place	750,000	790,000	790,000
Princess Alexandra Hospital Training and Education Facility (subject to Board and Government approval)	-	500,000	500,000
Braintree Active Travel (subject to Board and Government approval)	-	291,000	291,000
	4,750,000	28,083,000	28,083,000
<b>Kent</b>			
Digitally Connecting Rural Kent and Medway	-	2,290,152	2,290,152
Javelin Way Development	-	578,724	578,724
Romney Marsh Employment Hub	1,649,128	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	2,300,000	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
The Amelia Scott	-	1,400,000	1,400,000
Techfort (subject to Board and Government approval)	-	1,009,000	1,009,000
	3,949,128	37,428,342	37,428,342
<b>Medway</b>			
Britton Farm Redevelopment Learning, Skills & Employment Hub	-	1,990,000	1,990,000
Innovation Park Medway - Sustainable City of Business	-	778,323	778,323
	-	2,768,323	2,768,323
<b>Southend</b>			
Better Queensway	3,150,000	4,200,000	4,200,000
South Essex No Use Empty	900,000	1,200,000	1,200,000
	4,050,000	5,400,000	5,400,000
<b>Thurrock</b>			
LFFN	350,000	2,500,000	2,500,000
Transport and Logistics Institute	-	600,000	600,000
	350,000	3,100,000	3,100,000
<b>Total</b>	<b>15,235,615</b>	<b>85,000,000</b>	<b>85,000,000</b>

## Appendix B - GBF Programme Risks (High Risks only)

Risk	Description	Risk Impact	Risk Probability	Overall Risk	Mitigation
<b>Risk to meeting 31 March 2022 deadline</b>	There was a £21.613m 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.	4	5	20	<p>Monitoring and oversight by Accountability Board.</p> <p>Pipeline developed. Alternative investments identified if existing project is unable to proceed.</p> <p>Board approval obtained for retention of GBF funding against projects beyond 31 March 2022 for a maximum period of 6 months subject to compliance with strict criteria and conditions.</p>
<b>Usual mitigations for stalled projects not viable</b>	Given the limited timescales available for the GBF Programme, and there only being 2 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	4	16	<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>Board approval obtained for retention of GBF funding against projects beyond 31 March 2022 for a maximum period of 6 months subject to compliance with strict criteria and conditions.</p>
<b>Resource to deliver GBF projects</b>	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 the project has been spent.</p>
<b>Operational budgets</b>	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 of 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>

## Appendix B - GBF Programme Risks (High Risks only)

Risk	Description	Risk Impact	Risk Probability	Overall Risk	Mitigation
<b>Affordability of GBF projects</b>	<p>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 national lockdowns are likely to place greater financial strain on those partners due to provide contributions to the delivery of the projects. This could create a funding gap.</p> <p>The impact of COVID-19 on project costs and availability of local funding sources may impact the affordability of GBF projects.</p>	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 GBF projects.
<b>Failure of third-party organisations to deliver GBF projects</b>	Local authorities are entering into contract with third party organisations, such as district authorities, private sector companies, further education and higher education providers to deliver 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.
<b>Delivery of GBF project benefits</b>	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.
<b>Supply Chain Risk</b>	Private sector companies within the supply chain may be vulnerable to the current economic situation, particularly as the furlough scheme ends. If companies go into financial difficulty or liquidation, this will impact project delivery timescales and costs.	4	3	12	SELEP encourages local authorities to complete additional financial checks for contractors and sub-contractors prior to entering into any new contracts and reviewing the financial position as part of the contract management for existing contracts.

Appendix C - Getting Building Fund Delivery and Risk																
Project	Accountability Board approval	Delivery Status	Deliverability					GBF Allocation	Actual GBF spend to end of 2020/21	Financial			Financials RAG rating (December 2021)	Deliverability risk RAG rating (December 2021)	Reputational risk RAG rating (December 2021)	Overall (December 2021)
			Expected completion date (as stated in Business Case)	Expected completion date (October 2021)	Expected completion date (December 2021)	Months delay incurred (since original Business Case)	Months delay since last update to the Board			Actual GBF spend Q1 to Q3 2021/22	Forecast GBF spend Q4 2021/22	Forecast GBF spend 2022/23				
East Sussex																
Restoring the Glory of the Winter Garden	Oct-20	Construction in progress	01/05/2022	01/05/2022	01/05/2022	0	0	£1,600,000	£577,764	£897,458	£124,778	£0	2	1	1	1
The Observer Building, Hastings (Phase 2) Option A	Oct-20	Construction in progress	31/12/2022	31/12/2022	31/12/2022	0	0	£1,713,000	£934,678	£353,777	£424,545	£0	3	1	2	2
Charleston's access road: removing the barrier to growth	Nov-20 and Jul-21	Construction in progress	31/03/2021	31/12/2021	31/03/2022	12	3	£329,835	£0	£190,037	£139,798	£0	3	5	3	4
Creative Hub, 4 Fisher Street, Lewes	Nov-20	Project completed	30/04/2021	30/09/2021	30/09/2021	5	0	£250,000	£143,116	£106,884	£0	£0	1	1	1	1
Riding Sunbeams Solar Railways	Nov-20	Design in progress	30/03/2022	30/06/2022	30/09/2022	6	3	£2,527,500	£0	£50,000	£1,046,756	£1,430,744	5	5	4	5
Sussex Innovation Falmer - Covid Secure adaptations	Nov-20	Construction in progress	31/03/2021	31/12/2021	31/03/2022	12	3	£200,000	£0	£200,000	£0	£0	1	5	2	3
UTC Maritime & Sustainable Technology Hub	Nov-20	Design in progress	31/03/2022	30/09/2022	31/03/2023	12	6	£1,300,000	£0	£0	£594,257	£705,743	5	5	4	5
Food Street, Eastbourne (subject to Board and Government approval)	Feb-22 (subject to Board decision)	Design in progress	31/03/2022	-	31/03/2022	0	-	£100,000	£0	£0	£100,000	£0				
Seven Sisters Country Park Visitor Infrastructure Uplift (subject to Board and Government approval)	Feb-22 (subject to Board decision)	Design in progress	30/09/2022	-	30/09/2022	0	-	£200,000	£0	£0	£10,000	£190,000				
Essex																
Acceleration of full-fibre broadband deployment in very rural or very hard-to reach premises	Oct-20	Project in progress	30/06/2021	31/03/2023	31/03/2023	21	0	£680,000	£0	£0	£0	£680,000	5	5	1	4
Extension of the full-fibre broadband rollout in Essex to reach rural and hard to reach premises	Oct-20	Project in progress	31/12/2021	31/03/2023	31/03/2023	15	0	£1,820,000	£0	£0	£0	£1,820,000	5	5	1	4
Enterprise Centre for Horizon 120 Business Park	Nov-20	Construction in progress	30/06/2022	30/06/2022	30/06/2022	0	0	£7,000,000	£967,422	£2,672,345	£3,360,233	£0	4	1	3	3
Harlow Library	Nov-20	Design in progress	31/10/2021	22/02/2022	22/02/2022	3	0	£977,000	£0	£600,208	£376,792	£0	3	4	3	3
Jaywick Market & Commercial Space	Nov-20	Design in progress	31/03/2022	30/09/2022	30/09/2022	5	0	£1,972,000	£0	£0	£590,000	£1,382,000	5	5	4	5
Labworth Car Park, Canvey Island modernisation	Nov-20	Project completed	30/06/2021	31/08/2021	31/08/2021	2	0	£700,000	£326,888	£373,112	£0	£0	1	1	1	1
Modus	Nov-20	Project completed	31/03/2021	31/03/2021	31/03/2021	0	0	£1,960,000	£1,960,000	£0	£0	£0	1	1	1	1
Nexus	Nov-20	Construction in progress	30/06/2021	31/03/2022	31/03/2022	9	0	£1,600,000	£0	£299,798	£1,300,202	£0	4	5	2	4
Remodelling of buildings at Harlow College to provide new 'T'-levels	Nov-20	Construction in progress	31/03/2021	31/01/2022	31/03/2022	12	2	£1,500,000	£24,328	£973,726	£501,946	£0	3	5	2	3
Rocheway Independent Living	Nov-20	Construction in progress	31/12/2022	31/12/2022	31/12/2022	0	0	£713,000	£218,498	£494,502	£0	£0	1	1	1	1
Swan modular housing factory	Nov-20	Construction in progress	31/03/2024	31/03/2024	31/03/2024	0	0	£4,530,000	£1,044,405	£777,988	£2,707,607	£0	4	1	3	3
Tendring Bikes & Cycle Infrastructure	Nov-20	Construction in progress	31/03/2022	30/09/2022	30/09/2022	5	0	£2,300,000	£0	£0	£800,000	£1,500,000	5	5	4	5
Tindal Square, Chelmsford	Nov-20	Construction in progress	31/03/2022	31/03/2022	31/03/2022	0	0	£750,000	£0	£0	£750,000	£0	5	1	3	3
Laindon Place	Mar-21	Design in progress	31/03/2022	31/03/2022	30/09/2022	5	5	£790,000	£0	£0	£40,000	£750,000	5	5	4	5
Princess Alexandra Hospital Training and Education Facility (subject to Board and Government approval)	Feb-22 (subject to Board decision)	Construction in progress	28/02/2022	-	28/02/2022	0	-	£500,000	£0	£0	£500,000	£0				



Project	Deliverability							Financial					Financials RAG rating (December 2021)	Deliverability risk RAG rating (December 2021)	Reputational risk RAG rating (December 2021)	Overall (December 2021)
	Accountability Board approval	Delivery Status	Expected completion date (as stated in Business Case)	Expected completion date (October 2021)	Expected completion date (December 2021)	Months delay incurred (since original Business Case)	Months delay since last update to the Board	GBF Allocation	Actual GBF spend to end of 2020/21	Actual GBF spend Q1 to Q3 2021/22	Forecast GBF spend Q4 2021/22	Forecast GBF spend 2022/23				
Braintree Active Travel (subject to Board and Government approval)	Feb-22 (subject to Board decision)	Design in progress	30/09/2022	-	30/09/2022	0	-	£291,000	£0	£0	£291,000	£0				
<b>Kent</b>																
Digitally Connecting Rural Kent and Medway	Sep-20	Project in progress	31/03/2022	31/03/2022	31/03/2022	0	0	£2,290,152	£64,743	£357,987	£1,867,422	£0	5	1	1	2
Javelin Way Development	Nov-20	Construction in progress	17/03/2022	17/03/2022	17/03/2022	0	0	£578,724	£578,724	£0	£0	£0	1	1	1	1
Romney Marsh Employment Hub	Nov-20	Construction in progress	28/02/2022	28/02/2022	31/05/2022	3	3	£3,536,466	£0	£968,995	£918,343	£1,649,128	5	5	4	5
Thanet Parkway Railway Station	Nov-20	Construction in progress	31/12/2022	31/12/2022	31/12/2022	0	0	£11,999,000	£3,162,699	£8,836,301	£0	£0	1	1	2	1
First and Second Floors, Building 500, Discovery Park, Sandwich	Nov-20	Design in progress	03/07/2021	30/06/2022	30/09/2022	14	3	£2,500,000	£0	£0	£200,000	£2,300,000	5	5	4	5
New Performing & Production Digital Arts Facility @ North Kent College	Nov-20	Construction in progress	28/02/2022	31/03/2022	31/03/2022	1	0	£12,301,796	£2,459,825	£8,217,304	£1,624,667	£0	2	2	1	2
The Meeting Place Swanley	Nov-20	Construction in progress	31/05/2022	30/06/2022	30/06/2022	0	0	£1,490,000	£0	£607,485	£882,515	£0	4	1	2	2
St George's Creative Hub	Mar-21	Project completed	30/06/2021	31/12/2021	31/12/2021	6	0	£323,204	£0	£310,000	£13,204	£0	1	1	1	1
The Amelia Scott	Nov-21	Construction in progress	31/03/2022	-	31/03/2022	0	-	£1,400,000	£0	£0	£1,400,000	£0	5	1	2	3
Techfort (subject to Board and Government approval)	Feb-22 (subject to Board decision)	Design in progress	30/09/2022	-	30/09/2022	0	-	£1,009,000	£0	£0	£0	£1,009,000				
<b>Medway</b>																
Britton Farm Redevelopment Learning, Skills & Employment Hub	Sep-20	Construction in progress	31/03/2022	31/03/2022	31/03/2022	0	0	£1,990,000	£205,157	£869,378	£915,465	£0	4	1	2	2
Innovation Park Medway - Sustainable City of Business	Jul-21	Design in progress	31/03/2022	31/03/2022	30/11/2022	7	7	£778,323	£0	£0	£778,323	£0	5	5	3	4
<b>Southend</b>																
Better Queensway	Nov-20	Design in progress	31/03/2034	31/03/2034	31/03/2034	0	0	£4,200,000	£0	£0	£1,050,000	£3,150,000	5	5	4	5
South Essex No Use Empty	Nov-20	Project in progress	31/03/2022	30/09/2022	30/09/2022	5	0	£1,200,000	£0	£0	£300,000	£900,000	5	4	2	4
<b>Thurrock</b>																
LFFN	Oct-20	Project in progress	28/02/2022	31/03/2022	31/05/2022	3	2	£2,500,000	£946,218	£922,857	£280,925	£350,000	5	5	4	5
Transport and Logistics Institute	Nov-20	Project completed	27/08/2021	31/12/2021	31/12/2021	4	0	£600,000	£0	£600,000	£0	£0	1	1	1	1

Appendix D – Updates on projects which have received approval for GBF spend beyond 31 March 2022

<b>UTC Maritime and Sustainable Technology Hub</b>
Extension granted: 6 months
GBF allocation: £1,300,000
Responsible Upper Tier Local Authority: East Sussex County Council
<b>Brief project description</b>
<p>The UTC Maritime and Sustainable Technology Hub project is seeking to convert an existing, disused educational facility and Grade-II listed building in Newhaven into a multi-purpose site, comprising:</p> <ul style="list-style-type: none"> <li>• 1,630 sqm of educational/training and business support space for the maritime sector;</li> <li>• 1,595 sqm of commercial office space; and</li> <li>• 1,500 sqm of ancillary space.</li> </ul> <p>The completed development will enable a Maritime and Sustainable Technology Hub to be established in Newhaven to support the maritime sector across Sussex. The Hub will actively seek to encourage those industries involved in the design, construction, maintenance and operation of environmental, engineering and maritime products and services (clean, green and marine technologies) to invest in Newhaven.</p>
<b>Reasons why extension was sought</b>
<p>There are complex land ownership matters involved with delivery of the project which have taken longer than anticipated to resolve. In summary, there is a lease from a head lessee which now sits with the Department for Education (DfE), however, the DfE had to take legal action to recover this lease from the previous UTC Academy Trust which caused initial, unexpected delays to the project.</p>
<b>Update on project delivery</b>
<p>Agreement has been reached with both the Head Leaseholder and the DfE on the premium payable for acquisition of the headlease and sublease for the property. All parties are keen to move quickly and Lewes District Council are undertaking due diligence and required searches should be back in early January 2022. It is hoped that acquisition of the lease will be complete by the end of February 2022.</p> <p>Discussions are being held with partners on occupation of the building to meet the grant conditions and provide the best opportunities to support local regeneration – works are able to start in advance of occupation being finalised.</p> <p>It is now expected that detailed design will be completed by the end of March 2022, with procurement of a contractor to be undertaken between March and June 2022. Construction is expected to take place between April and September 2022.</p>

<b>Riding Sunbeams</b>
Extension granted: 3 months
GBF allocation: £2,527,500
Responsible Upper Tier Local Authority: East Sussex County Council
<b>Brief project description</b>
<p>The Riding Sunbeams project is seeking to build and connect the world's first megawatt scale renewable solar energy plant directly powering the direct current railways located in the heart of East Sussex.</p> <p>The Project will be delivered through an innovation collaboration between green technology start-up Riding Sunbeams and Network Rail and will develop the route to market for subsidy free renewable energy generators to directly supply the UK's largest energy user.</p>
<b>Reasons why extension was sought</b>
<p>The project is seeking to build and connect the world's first megawatt scale renewable solar energy plant directly powering direct current railways. The most complex element of the Project is the connection between the solar energy plant and Network Rail's distribution system. As this project is the first of its kind, there is no pre-existing established approach for Network Rail to follow.</p>
<b>Update on project delivery</b>
<p>Riding Sunbeams are continuing to work with Network Rail as they progress through GRIP stages 1-4. Receipt of required approvals from Network Rail have been further pushed back as a direct result of delays in provision of required information from UK Power Networks (UKPN).</p> <p>It is expected that the Engineering, Procurement and Construction (EPC) contractor will be appointed once Network Rail have completed their capacity study. This study will provide the necessary details for the EPC contractor to begin detailed design of the solar array.</p> <p>It is anticipated that work will commence onsite in April 2022. There is currently a 12 week lead time for the required solar panels. It is expected that the Network Rail works will complete in November 2022.</p> <p>There remains a risk to the project programme as the full GRIP stages 5-8 programme will not be available until GRIP stage 4 has been completed. In addition, a further delay to the receipt of required approvals from Network Rail will add additional pressure to the delivery programme.</p>

<b>Acceleration of full-fibre broadband deployment in very rural or very hard to reach areas</b>
Extension granted: 12 months
GBF allocation: £680,000
Responsible Upper Tier Local Authority: Essex County Council
<b>Brief project description</b>
<p>Superfast Essex is a broadband improvement programme which is run by Essex County Council. The programme aims to make superfast and ultrafast broadband available to as many homes and businesses across Essex as possible.</p> <p>Within the current Superfast Essex Phase 4b broadband rollout across Essex, it has become clear that in a significant number of cases the cost of deployment in rural areas has been underestimated by suppliers, and the cost of connecting up to 10% of the premises in the current rollout scope will exceed the contractual cost cap. In these cases, suppliers will provide evidence of the increased cost to Superfast Essex and will request further funding to fill the newly identified cost gap. If no such funding is available, it is envisaged that the impacted premises would be removed from the rollout programme.</p> <p>The GBF funding was requested to ensure that as many as possible of the identified higher-cost premises can be retained within the current rollout programme.</p>
<b>Reasons why extension was sought</b>
<p>In order to invest the funding awarded to support delivery of the Superfast Essex programme, it was necessary for Essex County Council to implement a change to the existing Phase 4 delivery contract with BT. This change had to be approved by Broadband Delivery UK (BDUK), the agency within the Department for Digital, Culture, Media and Sport (DCMS) which is overseeing the national rollout of broadband upgrades. BDUK have the responsibility of ensuring that all contracts remain in compliance with State Aid legislation and they also take a view on Value for Money offered by the contracts.</p> <p>The required change request was prepared and submitted to BDUK for consideration in early December 2020, which would have allowed sufficient time for the Projects to be delivered in accordance with the requirements of the GBF. Due to a wider national disagreement between BDUK and BT on a value for money issue, which had minimal impact on the Essex County Council contract, the change request was rejected in March 2021.</p> <p>Following the rejection of the change request, work was undertaken to seek agreement from BDUK that re-submission of the change request would be accepted. After a further 6 months of re-work and a series of high-level escalations with BDUK, involving Essex County Council Councillors and local MP's, the re-presented change request was approved by BDUK in October 2021.</p>

Update on project delivery
A contract change to invest most of the GBF funding (£606,000) has been completed and a second change request to use the remaining funds is currently being processed. The project is on track to complete delivery by December 2022, with subsequent payment as per the updated delivery plan presented at the November Board meeting.

<b>Extension of the full-fibre broadband rollout in Essex to reach rural and hard to reach areas</b>
Extension granted: 12 months
GBF allocation: £1,820,000
Responsible Upper Tier Local Authority: Essex County Council
<b>Brief project description</b>
<p>Superfast Essex is a broadband improvement programme which is run by Essex County Council. The programme aims to make superfast and ultrafast broadband available to as many homes and businesses across Essex as possible.</p> <p>The GBF funding was awarded to extend the Superfast Essex Phase 4b rollout programme to reach additional rural areas, with a focus on upgrading business premises.</p>
<b>Reasons why extension was sought</b>
<p>In order to invest the funding awarded to support delivery of the Superfast Essex programme, it was necessary for Essex County Council to implement a change to the existing Phase 4 delivery contract with BT. This change had to be approved by Broadband Delivery UK (BDUK), the agency within the Department for Digital, Culture, Media and Sport (DCMS) which is overseeing the national rollout of broadband upgrades. BDUK have the responsibility of ensuring that all contracts remain in compliance with State Aid legislation and they also take a view on Value for Money offered by the contracts.</p> <p>The required change request was prepared and submitted to BDUK for consideration in early December 2020, which would have allowed sufficient time for the Projects to be delivered in accordance with the requirements of the GBF. Due to a wider national disagreement between BDUK and BT on a value for money issue, which had minimal impact on the Essex County Council contract, the change request was rejected in March 2021.</p> <p>Following the rejection of the change request, work was undertaken to seek agreement from BDUK that re-submission of the change request would be accepted. After a further 6 months of re-work and a series of high-level escalations with BDUK, involving Essex County Council Councillors and local MP's, the re-presented change request was approved by BDUK in October 2021.</p>
<b>Update on project delivery</b>
<p>The contract change to invest all of the GBF funding (£1,820,000) has been completed. The project is in delivery and is on track to complete by December 2022, with subsequent payment in Q4 2022/23 as per the agreed delivery plan as presented to the November Board meeting.</p>

<b>Better Queensway</b>
Extension granted: 6 months
GBF allocation: £4,200,000
Responsible Upper Tier Local Authority: Southend-on-Sea Borough Council
<b>Brief project description</b>
<p>Better Queensway is an estate and town centre renewal project, seeking to transform a 5.2-hectare site to the north of Southend town centre. The project will include phased demolition of existing residential and commercial units, including four tower blocks and redevelopment to provide up to 1,669 dwellings and 7,945sq m of commercial space made up of retail, office, and community and leisure space. The project will also involve significant infrastructure and engineering work to provide a new four lane carriageway with footpath, cycle and bus facilities, which will remedy the sites severance with the High Street, provide a greater developable area, reduce pollution and improve connectivity, including important through traffic routes to the seafront.</p> <p>GBF investment was sought due to unforeseen costs associated with the upgrade of local electrical networks to provide the needed capacity to meet new government guidelines on energy use in new homes and to enable sufficient resilience in the local grid to provide the required level of electrical vehicle charging points to future proof the town centre.</p>
<b>Reasons why extension was sought</b>
<p>A hybrid planning application for the full Better Queensway scheme was submitted to Southend-on-Sea Borough Council in September 2020. This application was subsequently considered by Planning Committee on 31 March 2021 and it was resolved that the Interim Director of Planning at Southend-on-Sea Borough Council be delegated to grant planning permission subject to the completion of a S106 agreement in relation to the development. The S106 agreement took longer to complete than anticipated, which delayed the formal award of hybrid planning consent until September 2021.</p> <p>In addition, the Project has experienced delays to the procurement of the enabling works due to utility companies requiring longer than usual lead-in times. This is in part due to the impacts of the COVID-19 pandemic but is also related to other supply chain issues which are being experienced more generally across the construction industry.</p>
<b>Update on project delivery</b>
<p>The GBF funding will be spent on the early enabling works to support the delivery of the major wider regeneration project, which is expected to complete in 2033. Some elements of the project to be supported through the GBF funding remain subject to procurement, however, progress has been made and a number of appointments have now been confirmed.</p> <p>To mitigate the risk associated with any outstanding procurement, a GBF 'shopping list' has been developed which contains works which exceed the value of the GBF allocation. This provides scope for changes to how the</p>

GBF funding is spent should there be any delays or procurement issues, reducing the risk of the GBF funding not being spent in full by the end of September 2022.

Materials price increases have been reported across the construction industry and these increases are being reflected in the detailed design work that is currently being undertaken. Given the importance of the wider regeneration scheme to Southend, Southend-on-Sea Borough Council has given assurances to Homes England about funding for the project. These assurances have been provided as Homes England are providing £15m of HIF funding to support the project. Work is ongoing to try to mitigate the increased costs through looking at potential design changes and options to value engineer the costs. The Reserved Matters Planning Application for the wider scheme has just been submitted and as part of the determination of that application there will be a reassessment of scheme viability.

It is noted that there has been recent publicity regarding the decision by the Regulator for Social Housing (RSH) to downgrade Swan Housing Association's viability and governance grades. A review of these grades was undertaken as there had 'been a material deterioration in Swan's financial position since its last business plan was submitted.' In addition, Swan have announced a planned partnership with Orbit, which it is expected will be completed in late 2022. Southend-on-Sea Borough Council is seeking assurances from Swan Housing about the future of the Better Queensway project and is actively seeking a meeting with Orbit. At this stage, indications are that the project will proceed as planned. Southend-on-Sea Borough Council will be undertaking further work with Homes England to understand the impact of the downgrading and any possible implications from the partnership with Orbit.



<b>No Use Empty South Essex</b>
Extension granted: 6 months
GBF allocation: £1,200,000
Responsible Upper Tier Local Authority: Southend-on-Sea Borough Council
<b>Brief project description</b>
<p>The project will provide short-term secured loans to property owners to enable the return of long-term empty commercial properties back into effective use for residential, alternative commercial or mixed-use purposes. The project will focus on secondary retail and other commercial premises which have been significantly impacted by changing consumer demand, the impact of the pandemic and which may have been impacted by larger regeneration schemes.</p>
<b>Reasons why extension was sought</b>
<p>The launch of the No Use Empty South Essex scheme was initially delayed as a consequence of the COVID-19 restrictions, including lockdowns, which were implemented by Central Government. These restrictions meant that it wasn't possible to meet with property owners and developers or to conduct site visits to see potential properties.</p> <p>These issues were further compounded by resourcing issues which arose due to staff being seconded to support operational activities associated with the response to the COVID-19 pandemic.</p> <p>As Kent County Council are experienced in delivering the No Use Empty initiative and have a complete package of established processes in place, the intention is that a Service Level Agreement will be put in place between Southend-on-Sea Borough Council and Kent County Council for provision of back-office services to support the Project. The resourcing issues identified above have led to delays in negotiating the terms of the Service Level Agreement.</p> <p>As a result of the factors outlined above the launch of the No Use Empty South Essex initiative has been significantly delayed.</p>
<b>Update on project delivery</b>
<p>The launch of the No Use Empty South Essex initiative is planning for 7 February 2022. A briefing for all South Essex Local Authorities will be held on 31 January 2022.</p> <p>An update on the level of demand for the loans offered through the initiative will be provided at the April 2022 Board meeting.</p>

**Forward plan reference numbers:** FP/AB/477,  
FP/AB/478, FP/AB/479, FP/AB/480

<b>Report title:</b> Getting Building Fund – Retention of funding beyond 31 March 2022	
<b>Report to:</b> Accountability Board	
<b>Report author:</b> Helen Dyer, SELEP Capital Programme Manager	
<b>Meeting date:</b> 11 February 2022	<b>For:</b> Decision
<b>Enquiries to:</b> <a href="mailto:helen.dyer@southeastlep.com">helen.dyer@southeastlep.com</a>	
<b>SELEP Partner Authority affected:</b> Essex County Council, Kent County Council and Thurrock Council	

## 1. Purpose of report

- 1.1. The purpose of this report is for the Accountability Board (the Board) to consider whether the five projects outlined in this report meet the conditions agreed in July 2021 for retention of their respective Getting Building Fund (GBF) allocations beyond 31 March 2022.

## 2. Recommendations

- 2.1. The Board is asked to:

- 2.1.1. Establish SELEP's position on retaining Getting Building Fund funding against each of the identified projects by choosing one of the following options as detailed in Section 9 of this report. The projects under consideration are: Laindon Place, Tendring Bikes and Cycle Infrastructure, First and Second Floors, Building 500, Discovery Park, Sandwich (Discovery Park Incubator), Romney Marsh Employment Hub and ASELA LFFN.

### Option 1

- 2.1.1.1. **Agree** that the Project meets the conditions and criteria previously agreed by the Board for the retention of GBF funding beyond 31 March 2022 for a maximum period of 6 months, subject to Strategic Board endorsement at the March 2022 meeting; **OR**

### Option 2

- 2.1.1.2. **Agree** that the Project does not meet the conditions and criteria previously agreed by the Board for the retention of GBF funding beyond 31 March 2022 and that the Project should be removed from the GBF programme; and
- 2.1.1.3. **Agree** that the funding already transferred to the responsible Upper Tier Local Authority to support delivery of the Project should be

returned to the SELEP Accountable Body within 4 weeks of this Board meeting to allow reallocation of the full GBF allocation to the next project(s) on the GBF project pipeline. Appendix C sets out the GBF allocation awarded to each project and the GBF funding transferred to date in each case.

### **3. Background**

- 3.1. In July 2021, the Board agreed SELEP's position on the retention of GBF funding against projects beyond 31 March 2022. The Board agreed that GBF funding could be retained against projects subject to certain criteria and conditions being satisfied. The agreed criteria and conditions were as follows:
- 3.1.1. The maximum extension offered to a GBF project is 6 months, to 30 September 2022.
  - 3.1.2. 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.
  - 3.1.3. Projects must demonstrate that they meet the following six conditions before the Board will be asked to consider approving retention of GBF funding beyond 31 March 2022:
    - 3.1.3.1. Provision of a clear delivery plan with specific delivery milestones and completion date to be agreed by the Board;
    - 3.1.3.2. Confirmation that all funding sources identified to enable delivery of the Project are in place and provision of an updated GBF spend profile;
    - 3.1.3.3. Written confirmation that all planning requirements will be met by 31 December 2021;
    - 3.1.3.4. Confirmation that contractual commitments will be in place with the construction contractor by 31 January 2022;
    - 3.1.3.5. Confirmation that the total project cost and the project benefits remain unchanged ensuring that the Project continues to offer High value for money;
    - 3.1.3.6. Endorsement from Strategic Board that the funding should be retained against the Project beyond 31 March 2022.
- 3.2. Any projects which receive approval from the Board to retain their GBF funding beyond 31 March 2022 will provide updates at each subsequent Board meeting to demonstrate that the project remains on track to meet the agreed extended GBF spend deadline.

- 3.3. It was recommended to the Board in July 2021 that, should any projects which do not meet the criteria outlined at Section 3.1 of this report seek an extension to GBF spend beyond 31 March 2022, the Board agree that the funding be reallocated to alternative projects on the GBF pipeline which can meet the conditions and criteria agreed by the Board.

#### **4. Laindon Place**

- 4.1. The project focusses on the regeneration of the old Laindon Shopping Centre. The regeneration will deliver a mixed-use development providing retail facilities, improved public realm, new homes and a new health centre. The GBF funding was specifically sought to support the installation of electric vehicle charging points, new shop frontages and the provision of quality public realm.
- 4.2. The Board approved the award of £0.790m of GBF funding to support delivery of the Project in March 2021. To date, none of this allocation has been transferred to Essex County Council, as the responsible Upper Tier Local Authority.
- 4.3. Delivery of the Project has been impacted by a number of factors. Firstly, it has been noted in the request that technical approval for the Laindon High Road design was required from the Essex County Council Highways department. This approval (subject to conditions) is now in place but was only secured after a lengthy period of discussions and agreement to adapt several elements of the design to meet the requirements specified by Essex County Council Highways which ultimately delayed project delivery.
- 4.4. The changes to the Laindon High Road design requested by Essex County Council Highways need to be formalised through the planning process. A Section 73 Minor Material Amendment application was submitted to Basildon Council in August 2021. The expected determination period for this application was 13 weeks and it was anticipated that the application would be determined in November 2021. However, determination of this application has been repeatedly delayed, and is now not expected to be determined until 23 February 2022 due to ongoing discussions between Basildon Council and Essex County Council. At the time of the Business Case submission, the need for this planning application was unforeseen.
- 4.5. Finally, delivery of the project has been delayed as a result of changes in building regulations and the introduction of the Fire Safety Bill (2021). The original design for the scheme complied with the old regulations but did not take account of new industry best practice and the new recommendations set out within the updated documents. Swan Housing made a commitment to ensure that the development at Laindon Place complies with the latest recommendations made by central government and as a result, certain elements of the project had to be redesigned in line with updated guidance.
- 4.6. The request from Swan Commercial Services seeks retention of the GBF funding against the Project for the maximum 6 month period allowed, to 30 September 2022.
- 4.7. Information has been provided to demonstrate how the Project meets the 6 conditions agreed by the Board in July 2021 for retention of GBF funding against the Project beyond 31 March 2022. This information is set out in Appendix B.

- 4.8. As outlined above, the Section 73 Minor Material Amendment application has not yet been determined. Whilst it is expected that this application will be determined on 23 February 2022, the delay in determining this application means that the project is unable to demonstrate that all planning requirements were met by 31 December 2021, as per the conditions previously agreed by the Board. There remains a risk that determination of the planning application could be further delayed which would apply extra pressure to the delivery programme outlined in Appendix B and would impact on the ability of the Project to spend the full GBF allocation by 30 September 2022.
- 4.9. The extension request provided by Swan Commercial Services indicates that the project is being delivered by Swan Housing's internal construction team and that, as a consequence, contractual commitments are in place as required. However, the extension request also outlines a risk regarding potential cost increases as a result of Brexit and COVID-19 impacts on both labour and materials supply chains. If these cost increases are realised, there will be a need for additional funding to be secured in order to deliver the full package of works.
- 4.10. It is noted that the full 6 month extension has been requested and that there is no scope for slippage within the updated programme if Project completion is to be achieved by September 2022. Progress towards delivery of the Project will be closely monitored if the Board agree the retention of the funding beyond March 2022.
- 4.11. It is recommended that if the Board approve the retention of GBF funding against the Project beyond March 2022, that a further update is provided to the Board in April 2022 which specifically considers the status of the Section 73 Minor Material Amendment application, the impact of identified cost increases on the funding package and the value for money offered by the Project. It is also recommended that an updated delivery programme is provided to the Board in April 2022, which takes into account the final timing of the determination of the outstanding planning application.

## **5. Tendring Bikes and Cycle Infrastructure**

- 5.1. The project will deliver a bespoke bike loan scheme and improved cycle network infrastructure within Jaywick Sands and Clacton aimed at tackling inequality within one of the most deprived areas of the country. The project will provide access to wider employment, training and up-skilling opportunities, support economic growth in Jaywick and address health inequalities by enabling and supporting active travel.
- 5.2. The Board approved the award of £2.300m of GBF funding to support delivery of the Project in November 2020. To date, £1.671m of this allocation has been transferred to Essex County Council, as the responsible Upper Tier Local Authority.
- 5.3. The bespoke bike loan scheme was successfully launched in Summer 2020 for Jaywick and Clacton residents. Whilst the lead-in times for delivery of the bikes is currently extended, it is expected that the remaining bikes will be delivered in March 2022.
- 5.4. Delivery of the improved cycle network infrastructure has, however, been delayed. To date, detailed design work, stakeholder engagement and public consultation has been undertaken on the proposed cycle route. This consultation and engagement resulted in a

request to alter the proposed route to place more of a focus on infrastructure enhancements in Jaywick Sands and on the sea front part of the cycle route which connects to Clacton. In addition, public consultation demonstrated that the element of the proposed cycle route in the town centre (linking the pier to the train station) did not have the level of support required to ensure it could play a key part in encouraging an increase in cycle trips.

- 5.5. As a consequence, it has been necessary to make changes to the proposed cycle route in order to address local concerns. The town centre section of the route, which would have been supported by further infrastructure improvements had the associated Levelling Up Fund application been successful, has been removed from the project and work has been undertaken to reconfigure the proposed improvements to focus on the route from Clacton Pier to Jaywick Sands.
- 5.6. These requested changes to the design of the cycle route improvements could not have been foreseen at the time of Business Case submission and have therefore impacted on the delivery programme. However, these changes have provided an opportunity to deliver a scheme which further enhances connectivity between Jaywick and Clacton.
- 5.7. The request from Tendring District Council seeks retention of the GBF funding against the Project for the maximum 6 month period allowed, to 30 September 2022.
- 5.8. Information has been provided to demonstrate how the Project meets the 6 conditions agreed by the Board in July 2021 for retention of GBF funding against the Project beyond 31 March 2022. This information is set out in Appendix B.
- 5.9. It is noted that the full 6 month extension has been requested and that there is no scope for slippage within the updated programme if Project completion is to be achieved by September 2022. Progress towards delivery of the Project will be closely monitored if the Board agree the retention of the funding beyond March 2022.
- 5.10. It is stated in Appendix B that the procurement process to appoint the construction contractor is ongoing. A preferred supplier based on the original route proposals has been selected, however, due to the changes to the cycle route outlined above, contractual commitments are unlikely to be in place before February 2022 at the earliest. There remains a risk that a new procurement exercise will need to be completed, however, options to mitigate this risk are being considered. A verbal update on the status of the construction contract will be provided during the course of the Board meeting, however, the Board are reminded that it was agreed in July 2021 that a condition of securing an extension on GBF spend beyond March 2022 was that contractual commitments with the construction contractor must be in place by 31 January 2022.
- 5.11. The request submitted also outlines potential risks with regard to availability of materials, the risk of an extended construction period, availability of essential construction staff due to COVID-19 isolation requirements and the risk of increased project costs due to rising materials prices. These risks will continue to be monitored as delivery of the project progresses.
- 5.12. It is anticipated that as a result of the intended changes to the cycle route, additional benefits will be realised compared to those set out in the original project Business Case.

The focus will now be on delivering a high-quality cycle route on the sea front connecting Jaywick and Clacton. This route will use more innovative lighting which will be powered by solar and wind power, which will offer a route which is more suited for cycling at all times of the year. Further enhancements, including a higher quality surface, will also make the route more accessible for cyclists, pedestrians and those with mobility impairments.

- 5.13. The revised cycle route will provide better links to jobs and opportunities, including links to the Jaywick Market and Commercial Space project (also partially funded through the GBF). The improvements to the sea front route will link to the wider Essex Coastal Path, meaning that the route also has the potential to increase leisure trips and to support the local tourism economy.
- 5.14. It is recommended that if the Board approve the retention of GBF funding against the Project beyond March 2022, that a further update is provided to the Board in April 2022 which specifically considers the outcome of the procurement process and the impact of any cost increases on the value for money offered by the Project.

**6. First and Second Floors, Building 500, Discovery Park, Sandwich (Discovery Park Incubator)**

- 6.1. The project will deliver flexible, collaborative workspace in which life science start-ups and SMEs can establish their operations and grow as part of an innovative community.
- 6.2. The project involves the refurbishment of two floors within the East Block of Building 500 at Discovery Park, to provide around 30,000sqft of net lettable incubator space. The new facility will include self-contained laboratory units, informal breakout and café space and shared lab support facilities.
- 6.3. As well as additional physical space and high-quality facilities, the project will also offer a package of innovation support to tenants, encouraging collaboration between firms at Discovery Park and with higher education, and linking new and emerging businesses with the access to investment, skills and partners that they need to thrive.
- 6.4. The Board approved the award of £2.500m of GBF funding to support delivery of the Project in November 2020. To date, £1.500m of this allocation has been transferred to Kent County Council to support delivery of the Project.
- 6.5. Delivery of the project has been delayed as cost estimates derived from the initial technical design revealed that project costs were significantly higher than originally anticipated. This prompted a change in approach with the decision taken to utilise existing infrastructure where possible. In addition, the decision was taken to split the works into multiple tender packages, rather than procuring one main contractor, so as to reduce the level of cost risk attached to the project.
- 6.6. Additional work has been required to progress the technical design in light of the change in approach. In addition, work has been ongoing to ensure that the design is technically and operationally feasible.

## Getting Building Fund – Retention of funding beyond 31 March 2022

- 6.7. Tender packages have now been issued to market, but queries have been raised with regard to project flexibility in light of the COVID-19 pandemic and uncertainty as to how this will impact on labour availability and materials supply chains. As a result, procurement has not yet been completed.
- 6.8. The request from Discovery Park seeks retention of the GBF funding against the Project for a 5-month period, to 31 August 2022.
- 6.9. Information has been provided to demonstrate how the Project meets the 6 conditions agreed by the Board in July 2021 for retention of GBF funding against the Project beyond 31 March 2022. This information is set out in Appendix B.
- 6.10. As outlined in Appendix B, tender packages have now been issued to market. Tender submissions will be reviewed in January 2022, with contractual commitments with the principal contractor expected to be in place by the end of January 2022. In addition, trade contracts for mechanical and electrical work packages are expected to be in place by the end of January 2022.
- 6.11. There are, however, a small number of works packages that require trade contractor design. Due to this requirement, contractual commitments for these works packages may not be in place until February 2022 meaning that the project may not be able to fully comply with the conditions agreed by the Board in July 2021.
- 6.12. It is recommended that if the Board approve the retention of GBF funding against the Project beyond March 2022, that a further update is provided to the Board in April 2022 which primarily focusses on the contractual commitments and seeks confirmation that no further cost increases were identified through the tender process. If further cost increases are identified, the impact on the value for money offered by the Project will need to be considered.

## **7. Romney Marsh Employment Hub**

- 7.1. GBF investment was sought to help support the further development of the Mountfield Road Industrial Estate. Phase 1 of the Project has delivered a business hub which is divided into 14 rooms of varying sizes, with offices built for businesses that range in size from 2-10 employees. The planned flexibility of the space within the business hub means that it could also lend itself to providing space for skills training. There is land within the hub site for the building to be further extended to provide either more business space or a more bespoke skills facility depending upon demand.
- 7.2. The GBF funding is primarily being used to support delivery of Phase 2 of the Project. This phase of the project will bring forward a new access road and the required utilities infrastructure to unlock the potential for future commercial development on the remaining 6 hectares of the site.
- 7.3. The Board approved the award of £3.536m of GBF funding to support delivery of the Project in November 2020. To date, £2.036m of this allocation has been transferred to Kent County Council to support delivery of the Project.



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- 7.4. The main contractor for the design and construction of Phase 2 of the Project was appointed in April 2021 and this work was programmed for completion in December 2021. The contract included the design and construction of the drainage and highway works needed to provide a new access road and for all the required utility infrastructure required to support the proposed development plots on the available land. The drainage and highway works have progressed well and remain on programme and within budget. However, delivery of the utility infrastructure has been delayed, which has impacted on the likelihood of full spend of the GBF allocation by March 2022.
- 7.5. The utility infrastructure works have been delayed due to the statutory utility companies working to longer than expected timescales when considering requests for information or approvals for proposed works. It is understood that these delays are as a result of staff shortages caused by the COVID-19 pandemic. Approval of proposed designs is still awaited from UK Power Networks (UKPN) and Southern Gas Networks (SGN).
- 7.6. It is anticipated that based on current delays, the completion of the utility infrastructure works may slip from December 2021 to May 2022. The delay in completing this work may also have an impact on the delivery of some elements of the drainage and highways works.
- 7.7. The request from Folkestone and Hythe District Council seeks retention of the GBF funding against the Project for a 6 month period, to 30 September 2022.
- 7.8. Information has been provided to demonstrate how the Project meets the 6 conditions agreed by the Board in July 2021 for retention of GBF funding against the Project beyond 31 March 2022. This information is set out in Appendix B.
- 7.9. As outlined above, work has been progressing well to deliver the drainage and highway works required to provide a new access road and this element of the Project is expected to complete broadly in line with the agreed programme. However, approvals remain outstanding from UKPN and SGN for the proposed designs for the gas main and high and low voltage cables which present a risk to the delivery programme.
- 7.10. The information set out in Appendix B demonstrates that the Project meets the majority of the conditions agreed by the Board in July 2021. The only condition which is not fully met relates to the receipt of confirmation that all planning requirements will be met by 31 December 2021. It is stated in the Project Business Case that planning consent for the business hub was granted in September 2018 and that planning permission for vehicular access to the remainder of the site was issued in May 2019. However, the request for an extension indicates that planning consent with regard to the S106 agreement with Southern Water is not currently in place and is expected by February 2022. This outstanding planning consent presents a risk to the delivery programme.
- 7.11. Whilst the maximum 6 month extension available has been requested, it is noted that the updated delivery programme shows project completion in May 2022, allowing some flexibility if receipt of the outstanding approvals is further delayed.
- 7.12. It is recommended that if the Board approve the retention of GBF funding against the Project beyond March 2022, that a further update is provided to the Board in April 2022 which primarily focusses on the outstanding design approvals from the utility companies

and seeks confirmation that the outstanding planning consent has been secured. It is also recommended that an updated delivery programme be provided which reflects the impacts of any further delays in securing the remaining approvals.

## **8. ASELA LFFN**

- 8.1. The Project seeks to build upon the Department for Digital, Culture, Media and Sport (DCMS) funded LFFN ASELA Project and extend through additional funding the delivery and access to broadband fibre connectivity across the South Essex Region realising immediate benefits for local businesses and communities to grow and flourish post COVID-19. The project is expected to deliver 15,000 new broadband connections.
- 8.2. The Board approved the award of £2.500m of GBF funding to support delivery of the Project in December 2020. To date, £2.139m of this allocation has been transferred to Thurrock Council to support delivery of the Project.
- 8.3. Delivery of the Project has been progressing well and it was anticipated that the works would be completed by the end of March 2022. However, in recent weeks, unforeseen duct blockages have meant that delivery of the Project is now expected to extend into April 2022, with the final invoice to be paid in May 2022.
- 8.4. Work is underway to address and resolve all the blockages identified, and Thurrock Council are working closely with the supplier to ensure that delivery of the Project is not further delayed.
- 8.5. The request from Thurrock Council seeks retention of the GBF funding against the Project for a 2-month period, to 31 May 2022.
- 8.6. Information has been provided to demonstrate how the Project meets the 6 conditions agreed by the Board in July 2021 for retention of GBF funding against the Project beyond 31 March 2022. This information is set out in Appendix B.
- 8.7. Delivery of the Project has been ongoing since mid-2021 and, subject to the duct blockages being resolved, there is little risk to Project delivery. The GBF funded works follow on from an earlier Government funded phase of the project, and the same mechanism for rollout including use of the same supplier and the same programme management team has been utilised.
- 8.8. It is expected that project delivery will now be complete in April 2022, with the final GBF funding spent in May 2022 following receipt of the final invoice.
- 8.9. It is recommended that if the Board approve the retention of GBF funding against the Project beyond March 2022, that a further update is provided to the Board in April 2022 which provides confirmation that delivery of the project has been completed.

## **9. Options available to the Board**

- 9.1. The Board are asked to consider whether the 5 projects outlined within this report meet the criteria and conditions agreed in July 2021 for the retention of GBF funding beyond 31

March 2022. This report sets out two options for the Board to consider in relation to each project outlined within this report.

**Option 1:**

- 9.1.1. **Agree** that the Project meets the conditions and criteria previously agreed by the Board for the retention of GBF funding beyond 31 March 2022 for a maximum period of 6 months, subject to Strategic Board endorsement at the March 2022 meeting.
- 9.2. If the Board choose Option 1, the Project(s) outlined in this report will continue to delivery in accordance with their Business Case(s) as previously agreed by the Board. The projects have either indicated that their forecast benefits remain unchanged or have increased and therefore the benefits realised will as a minimum be line in with the original prioritisation by the Strategic Board. If the Board choose Option 1 for all Projects outlined in this report, it will mean that there will be no further funding available to support projects on the prioritised GBF project pipeline, as shown at Appendix A, at this time.
- 9.3. The Board should be aware that given the timing of these requests for retention of GBF funding beyond March 2022, and the associated risks outlined within this report, there is an increasing likelihood that some or all of these projects will be unable to complete delivery by September 2022 as required under the conditions agreed by the Board. This risk will be continuously monitored to determine whether any mitigating actions are required.
- 9.4. As indicated at the July 2021 Board meeting, Central Government have been unable to formally confirm their position with regard to GBF spend beyond 31 March 2022. Given the purpose of the GBF funding stream, Government have advised that the focus should firmly remain on delivery and full GBF spend by 31 March 2022 wherever possible.
- 9.5. The Grant Determination letter in relation to the 2021/22 GBF allocation has 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. Furthermore, the GBF 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. However, 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 if GBF funding is not spent in full by 31 March 2022. 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.

**Option 2:**

- 9.6. Under Option 2, the Board is asked to:
  - 9.6.1. **Agree** that the Project does not meet the conditions and criteria previously agreed by the Board for the retention of GBF funding beyond 31 March 2022 and that the Project should be removed from the GBF programme; and

- 9.6.2. **Agree** that the GBF already transferred to the responsible Upper Tier Local Authority to support delivery of the Project should be returned to the SELEP Accountable Body within 4 weeks of this Board meeting to allow reallocation of the funding to the next project(s) on the GBF project pipeline.
- 9.7. If the Board choose Option 2, the Project(s) outlined within this report will be removed from the GBF programme. The Project(s) which were previously prioritised by the Strategic Board will no longer be delivered at this time and the forecast benefits will not be realised.
- 9.8. The relevant Upper Tier Local Authority will be required to return the GBF funding already transferred to them to support delivery of the Project(s) within 4 weeks of this Board meeting. This will allow the GBF funding to be reallocated to alternative projects on the GBF project pipeline, which are able to meet the criteria and conditions agreed by the Board in July 2021.
- 9.9. The GBF prioritised project pipeline, agreed by the Strategic Board in March 2021, is set out in Appendix A. The Board have already approved the award of GBF funding to the two projects at the top of the pipeline, Innovation Park Medway – Sustainable City of Business and Charleston's access road: removing the barrier to growth, following the early withdrawal of the Grays Shopping Centre project.
- 9.10. In addition, award of funding to the remaining GBF pipeline projects following the removal of the Fast Track Business Solutions for the Hastings Manufacturing Sector project at the November 2021 Board meeting is considered under Agenda Items 8 and 9.
- 9.11. It should be noted that, subject to Board decisions at this meeting, there is only one project remaining on the pipeline. The Station Approach Braintree Station Access project was originally seeking GBF investment of £2.000m. Following the removal of the Fast Track Business Solutions for the Hastings Manufacturing Sector project, the award of £0.291m GBF to the project is considered under Agenda Item 8. It is noted within the Project Business Case that the GBF funding will allow the project to be delivered as originally envisaged, following an increase in costs.
- 9.12. Confirmation will be sought from Essex County Council, as scheme promoter, as to whether there is a need for the remaining GBF funding included within the project pipeline and the level of additionality this would provide. If there is no further need for GBF investment in the Braintree project, alternative proposals for investment of any available GBF funding will be presented to Strategic Board for their consideration in March 2022.
- 9.13. The report does not identify the recommended option in relation to any of the Projects outlined within this report. However, commentary as to how each of the Projects meets the criteria and conditions agreed by the Board in July 2021 has been provided, alongside an explanation of any remaining risks to Project delivery, to allow the Board to make informed decisions in each case.

## 10. Next Steps

- 10.1. If the Board choose Option 1, the funding will be retained against the Project(s) and they will progress to delivery. Project updates will be provided at each Board meeting to ensure

## Getting Building Fund – Retention of funding beyond 31 March 2022

that the project(s) remain on track to complete GBF spend by 30 September 2022 at the latest.

- 10.2. A full review of the deliverability of all projects which have received approval for retention of GBF funding beyond March 2022 will be carried out and an update on their continued ability to deliver by September 2022 will be provided at the April 2022 Board meeting.
- 10.3. If the Board choose Option 2, the Project(s) will be removed from the GBF programme and the relevant Upper Tier Local Authority will be required to return the funding already transferred to them to support delivery of the project(s). This funding must be returned within 4 weeks to allow reallocation of the funding to alternative projects.
- 10.4. If it is confirmed that there is no longer a requirement for additional GBF funding to support the delivery of the Station Approach Braintree Station Access project, which is the only project remaining on the pipeline, alternative proposals for investment of the GBF funding will be presented to the Strategic Board in March 2022.

## 11. Financial Implications (Accountable Body comments)

- 11.1. All funding allocations which are agreed by the Board are dependent on the Accountable Body receiving sufficient funding from HM Government. The Accountable Body received the first tranche of GBF for £42.5m from MHCLG in September 2020; this funding was transferred in full to Partner authorities to support delivery of the Projects. The second tranche of GBF for £42.5m was received from MHCLG in May 2021.
- 11.2. 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.
- 11.3. GBF is allocated through a grant determination from MHCLG (now renamed the Department for Levelling Up, Housing and Communities) via section 31 of the Local Government Act 2003; this is subject to the following condition:

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

- 11.4. The grant conditions do not impose an end date for use of the funding, albeit that it was the expectation of Government that all funding is defrayed by 31 March 2022.
- 11.5. SELEP have discussed the proposed approach regarding the retention of GBF funding beyond March 2022 with Government and it was confirmed that no additional governance or approvals would be required from Government in this respect.
- 11.6. The value of GBF transferred by Essex County Council, as the Accountable Body for delivery of each Project to the respective Local Authority in this report, is shown in Table 1 below (which includes actual funding transferred as at Q3 2021/22 and forecast Q4 transfer for ASELA LFFN).

*Table 1 – GBF allocation and remaining balance to Project's requesting extension beyond 31 March 2022*

Project Name	Local Authority area	GBF Total Allocation £m	Total transferred 2021/22 £m	Remaining Balance £m
Tendring Bikes & Cycle Infrastructure	Essex	2.30	1.67	0.63
Laindon Place	Essex	0.79	-	0.79
Romney Marsh Employment Hub	Kent	3.54	2.04	1.50
First and Second Floors, Building 500, Discovery Park, Sandwich	Kent	2.50	1.50	1.00
ASELA LFFN	Thurrock	2.50	2.15	0.35
<b>Total GBF Projects requesting extension beyond 31 March 2022</b>		<b>11.63</b>	<b>7.36</b>	<b>4.27</b>

11.7. 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 2 in the Recommendations for any Projects in this report.

## 12. Legal Implications (Accountable Body comments)

12.1. The grant funding will be administered in accordance with the terms of the Grant Determination Letter between the Accountable Body and Central Government and is required to be used in accordance with the terms of the Service Level Agreements between the SELEP Accountable Body, SELEP Ltd and the Upper Tier Local Authority. If a project does not meet the conditions of the SLA, in line with the terms of the SLA, the Accountable Body may clawback the funding for reallocation by SELEP Ltd.

## 13. Equality and Diversity Implications

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

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

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

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

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

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

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

14.1. Appendix A - Getting Building Fund prioritised project pipeline

14.2. Appendix B - Compliance with conditions for GBF spend beyond 31 March 2022

14.3. Appendix C – Getting Building Fund allocations and funding transferred to date

**(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)**

<b>Role</b>	<b>Date</b>
<b>Accountable Body sign off</b>  Stephanie Mitchener  (On behalf of Nicole Wood, S151 Officer, Essex County Council)	  03/02/2022

## Appendix A – Getting Building Fund Prioritised Project Pipeline

Project	Federated Area	GBF allocation (£)	Jobs created	Other benefits	Federated Area Ranking	Overall score	Cumulative total funding ask (£)
<b>Project to be supported with initial £1.019m available for investment</b>							
Innovation Park Medway - Sustainable City of Business	KMEP	778,323	315	3640sqm commercial floorspace 0.46km of new roads/cycle paths	1	9	778,323
Charleston's access road: removing the barrier to growth	East Sussex	240,677	11	1km road resurfaced New cycle route connection	1	8	1,019,000
<b>GBF pipeline projects (to be supported if additional GBF becomes available)</b>							
Princess Alexandra Hospital - Relocation of post graduate medical centre	Essex	500,000	0	50 jobs safeguarded 600sqm Commercial floorspace 600sqm new learning floorspace 7250 new learners assisted	1	8	1,519,000
The Amelia Scott	KMEP	1,400,000	309.6	100 safeguarded jobs 643.7sqm commercial floorspace 4068.9sqm learning floorspace 4233 new learners assisted	3	10	2,919,000
TechFort	KMEP	1,009,000	47	2000sqm commercial floorspace 100 businesses assisted 1km new road/cycle path 1990sqm new learning floorspace 1000 new learners assisted 50 super/ultrafast broadband connections	2	10	3,928,000
Seven Sister Country Park Visitor Infrastructure Uplift	East Sussex	200,000	7	2.9 safeguarded jobs 37sqm commercial floorspace 4 businesses assisted 0.1km new road/cycle path 197sqm learning floorspace 3500 new learners assisted 4523kg/co2 emissions	2	10	4,128,000
Food Street	East Sussex	225,000	40	465sqm commercial floorspace	3	14	4,353,000
Station Approach Braintree Station Access	Essex	2,000,000	500	Improvements to enhance access to/from rail station Provide appropriate facilities for non-motorised users/residents One way system to minimise conflict for road users Additional non-motorised user access i.e. contraflow cycle lane Enhanced urban environment including new pedestrianised area and new bus stop facilities	4	17	8,744,145
<b>Projects haven't met the eligibility criteria for inclusion on the GBF pipeline</b>							
Loughton Library	Essex	932,800	108	27 housing units unlocked 27 housing units delivered	2	15	5,285,800
Purford Green	Essex	1,458,345	124	35 housing units unlocked 35 housing units delivered	3	16	6,744,145



Appendix B – Compliance with conditions for GBF spend beyond 31 March 2022

<b>Laindon Place</b>			
Extension requested: 6 months			
Responsible Upper Tier Local Authority: Essex County Council			
Provision of a clear delivery plan with specific delivery milestones and completion date to be agreed by the Board			
The updated programme for the Project is as follows:			
Milestone		Expected completion date	
Installation of electric vehicle charging points – 75 charging points in total to be installed		September 2022	
Public realm improvements – 570sqm of improvements to be delivered		September 2022	
Installation of shop fronts – 16 glazed shop fronts to be installed		September 2022	
Confirmation that all funding sources identified to enable delivery of the Project are in place and provision of an updated GBF spend profile			
All funding sources are in place to enable project delivery and remain as set out in the project Business Case.			
The updated GBF spend profile is as follows (£):			
Q4 2021/22	Q1 2022/23	Q2 2022/23	Total
40,000	100,000	650,000	790,000
Written confirmation that all planning requirements will be met by 31 December 2021			
Planning permission has not yet been granted for the public realm improvement works.			
Technical approval (with conditions) for the highway design was provided by Essex County Council Highways team in July 2021. Subsequent to receipt of this approval, a planning application was submitted, and this application was due to be determined on 3 November 2021. However, determination of the application has been delayed until 23 February 2022.			
Confirmation that contractual commitments will be in place with the construction contractor by 31 January 2022			
Contractual commitments with the construction contractor are already in place.			
Confirmation that the total project cost and the project benefits remain unchanged ensuring that the Project continues to offer High value for money			
The total project cost and the expected benefits remain unchanged from those set out in the Business Case.			

Endorsement from Strategic Board that the funding should be retained against the Project beyond 31 March 2022
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Subject to Board approval, Strategic Board endorsement will be sought in March 2022.
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Tendring Bikes and Cycle Infrastructure			
Extension requested: 6 months			
Responsible Upper Tier Local Authority: Essex County Council			
Provision of a clear delivery plan with specific delivery milestones and completion date to be agreed by the Board			
The updated programme for the Project is as follows:			
Milestone		Expected date	
Topographical survey and geotechnical investigation of works		January to March 2022	
Detailed design of revised route		January to March 2022	
Mobilisation of construction contractor		March to April 2022	
Construction		May to September 2022	
Confirmation that all funding sources identified to enable delivery of the Project are in place and provision of an updated GBF spend profile			
All funding sources identified to enable delivery of the Project are in place.			
Additional funding has been secured to enable delivery of a separate standalone complimentary package of works.			
The updated GBF spend profile is as follows (£):			
Q4 2021/22	Q1 2022/23	Q2 2022/23	Total
800,000	750,000	750,000	2,300,000
Written confirmation that all planning requirements will be met by 31 December 2021			
There are no outstanding planning consents.			
Confirmation that contractual commitments will be in place with the construction contractor by 31 January 2022			
A procurement process has been conducted and a preferred bidder selected. Due to the change in the proposed route of the cycle path, contractual commitments are not yet in place for the full package of works.			
Confirmation that the total project cost and the project benefits remain unchanged ensuring that the Project continues to offer High value for money			
The total project cost remains unchanged. Due to the change in proposed route for the cycle path, it is anticipated that project benefits will increase. The project therefore continues to offer High value for money.			
Endorsement from Strategic Board that the funding should be retained against the Project beyond 31 March 2022			
Subject to Board approval, Strategic Board endorsement will be sought in March 2022.			

<b>First and Second Floors, Building 500, Discovery Park, Sandwich (Discovery Park Incubator)</b>			
Extension requested: 5 months			
Responsible Upper Tier Local Authority: Kent County Council			
Provision of a clear delivery plan with specific delivery milestones and completion date to be agreed by the Board			
The updated programme for the Project is as follows:			
Milestone		Expected date	
Tender packages issued		December 2021/January 2022	
Contracts awarded		January/February 2022	
Principal contractor start on site		February 2022	
Project completion		August 2022	
Confirmation that all funding sources identified to enable delivery of the Project are in place and provision of an updated GBF spend profile			
All funding sources identified to enable project delivery are in place.			
The updated GBF spend profile is as follows (£):			
Q4 2021/22	Q1 2022/23	Q2 2022/23	Total
200,000	800,000	1,500,000	2,500,000
Written confirmation that all planning requirements will be met by 31 December 2021			
No planning consents are required.			
Confirmation that contractual commitments will be in place with the construction contractor by 31 January 2022			
A procurement process is underway and it is expected that contractual commitments will be in place with the principal contractor, and for trade contracts mechanical and electrical work packages by the end of January 2022.			
Due to a small number of works packages requiring trade contractor design, some contracts may not be in place until February 2022.			
Confirmation that the total project cost and the project benefits remain unchanged ensuring that the Project continues to offer High value for money			
The total project cost and the expected benefits remain unchanged from those set out in the Business Case.			
Endorsement from Strategic Board that the funding should be retained against the Project beyond 31 March 2022			
Subject to Board approval, Strategic Board endorsement will be sought in March 2022.			

<b>Romney Marsh Employment Hub</b>					
Extension requested: 6 months					
Responsible Upper Tier Local Authority: Kent County Council					
Provision of a clear delivery plan with specific delivery milestones and completion date to be agreed by the Board					
The updated programme for the Project is as follows:					
Milestone			Expected date		
Commencement of substation works			31 January 2022		
Commence installation of water main			7 February 2022		
Commence installation of gas main			14 February 2022		
Commence installation of high and low voltage cables			7 March 2022		
Installation of Fibre Ducts			14 March 2022		
Final surfacing and white lining			21 to 28 March 2022		
Footpath works complete			27 May 2022		
Completion of all utilities works			27 May 2022		
Project completion			27 May 2022		
Confirmation that all funding sources identified to enable delivery of the Project are in place and provision of an updated GBF spend profile					
All funding sources identified to enable project delivery are in place.					
The updated GBF spend profile is as follows (£):					
Q2 2021/22	Q3 2021/22	Q4 2021/22	Q1 2022/23	Q2 2022/23	Total
435,000	533,995	918,343	1,100,000	549,128	3,536,466
Written confirmation that all planning requirements will be met by 31 December 2021					
Planning consent for the Employment Hub was secured in September 2018 and planning permission for the vehicle access was granted in May 2019.					
Planning consent with regard to the S106 agreement with Southern Water is expected by February 2022.					
Confirmation that contractual commitments will be in place with the construction contractor by 31 January 2022					
Contractual commitments with the main contractor have been in place since April 2021. In addition, sub contractor agreements are now also in place with the utility companies where required.					
Confirmation that the total project cost and the project benefits remain unchanged ensuring that the Project continues to offer High value for money					
The total project cost and the expected benefits remain unchanged from those set out in the Business Case.					
Endorsement from Strategic Board that the funding should be retained against the Project beyond 31 March 2022					

Subject to Board approval, Strategic Board endorsement will be sought in March 2022.

<b>ASELA LFFN</b>											
Extension requested: 2 months											
Responsible Upper Tier Local Authority: Thurrock Council											
Provision of a clear delivery plan with specific delivery milestones and completion date to be agreed by the Board											
<p>Project delivery has been progressing well onsite with the first 2 delivery milestones met in July and November 2021 respectively.</p> <p>Due to unforeseen duct blockages, the scope of delivery milestone 3 has been reduced, resulting in additional work being included in delivery milestones 4 and 5. As a result, it is now expected that these milestones will be met one month later than anticipated pushing project completion to April 2022.</p>											
Confirmation that all funding sources identified to enable delivery of the Project are in place and provision of an updated GBF spend profile											
<p>All funding sources identified to enable delivery of the Project are in place.</p> <p>The updated GBF spend profile is as follows (£):</p> <table border="1"> <tr> <th>Spend to end Q3 2021/22</th><th>Q4 2021/22</th><th>Q1 2022/23</th><th>Total</th></tr> <tr> <td>1,869,075</td><td>280,925</td><td>350,000</td><td>2,500,000</td></tr> </table>				Spend to end Q3 2021/22	Q4 2021/22	Q1 2022/23	Total	1,869,075	280,925	350,000	2,500,000
Spend to end Q3 2021/22	Q4 2021/22	Q1 2022/23	Total								
1,869,075	280,925	350,000	2,500,000								
Written confirmation that all planning requirements will be met by 31 December 2021											
No planning consents are required.											
Confirmation that contractual commitments will be in place with the construction contractor by 31 January 2022											
All contractual commitments were in place by July 2021.											
Confirmation that the total project cost and the project benefits remain unchanged ensuring that the Project continues to offer High value for money											
The total project cost and the expected benefits remain unchanged from those set out in the Business Case.											
Endorsement from Strategic Board that the funding should be retained against the Project beyond 31 March 2022											
Subject to Board approval, Strategic Board endorsement will be sought in March 2022.											

## Appendix C – Getting Building Fund allocations and funding transferred to date

Project name	Upper Tier Local Authority	GBF funding allocation	GBF funding transferred to date
Laindon Place	Essex	£790,000	£0
Tendring Bikes and Cycle Infrastructure	Essex	£2,300,000	£1,671,399
First and Second Floors, Building 500, Discovery Park, Sandwich	Kent	£2,500,000	£1,500,000
Romney Marsh Employment Hub	Kent	£3,536,466	£2,036,926
ASELA LFFN	Thurrock	£2,500,000	£2,138,705



**Forward plan reference number:** FP/AB/481,  
FP/AB/484 and FP/AB/485

<b>Report title:</b> Getting Building Fund funding decisions	
<b>Report to:</b> Accountability Board	
<b>Report author:</b> Howard Davies, SELEP Capital Programme Officer	
<b>Meeting date:</b> 11 February 2022	<b>For:</b> Decision
<b>Enquiries to:</b> <a href="mailto:howard.davies@southeastlep.com">howard.davies@southeastlep.com</a>	
<b>SELEP Partner Authority affected:</b> Essex 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 £891,000 Getting Building Fund (GBF) to the Princess Alexandra Hospital – relocation of post graduate medical centre, Food Street and Braintree – Active Travel projects as set out in Appendix B.
- 1.2. It is currently expected that all three projects under consideration in this report will complete their GBF spend in advance of 31 March 2022, which is the official end of the Getting Building Fund programme.

## 2. Recommendations

- 2.1. The Board is asked to:
  - 2.1.1. **Agree** the award of £500,000 GBF to Essex County Council for further award to The Princess Alexandra Hospital NHS Trust for the Princess Alexandra Hospital – relocation of post graduate medical centre project which has been assessed as offering High value for money with a Low/Medium certainty of achieving this (Value for Money Exemption 1 applied), subject to Government approval of project inclusion within the GBF programme and submission of a completed Monitoring and Evaluation plan and Baseline report by 28 February 2022.
  - 2.1.2. **Agree** the award of £100,000 GBF to East Sussex County Council for further award to Eastbourne Borough Council for the Food Street project which has been assessed as offering High value for money with a High certainty of achieving this, subject to Government approval of project inclusion within the GBF programme.
  - 2.1.3. **Agree** the award of £291,000 GBF to Essex County Council for the Braintree – Active Travel project which has been assessed as offering High value for money with a Low/Medium certainty of achieving this (Value for Money Exemption 1 applied), subject to Government approval of project inclusion within the GBF programme.

### **3. Background**

- 3.1. In November 2021, the Fast Track Business Solutions for the Hastings Manufacturing Sector project was removed from the GBF programme. This released £3.5m GBF for reallocation to alternative projects on the GBF prioritised project pipeline.
- 3.2. The return of the GBF funding allowed the Board to make a decision on the Amelia Scott project at the November 2021 meeting and as a result £1.4m GBF was awarded to the project.
- 3.3. The award of a further £0.891m of the GBF released for reallocation to alternative projects is considered within this report.
- 3.4. The Braintree – Active Travel project is positioned at the bottom of the GBF prioritised project pipeline and was originally seeking GBF investment totalling £2.000m. However, after award of funding to projects which were placed higher on the pipeline, there is only £0.291m GBF remaining available for reallocation at this time. The Braintree – Active Travel project has brought forward a Business Case for the £0.291m available for consideration at this meeting and further discussions will be held with Essex County Council regarding whether the additional £1.709m originally sought is still required, should further GBF funding become available for reallocation.
- 3.5. Business Cases have been developed for all the projects outlined in this report and they have been subject to assessment by the Independent Technical Evaluator (ITE) in line with the requirements of the SELEP Assurance Framework. The outcome of the ITE assessment is outlined within this report and the full ITE report can be found at Appendix A.
- 3.6. Since creation of the GBF prioritised project pipeline further work has been undertaken to develop the Business Cases for the selected projects. This has resulted in changes to the outcomes stated in the applications for inclusion in the pipeline. The outcomes to be achieved by each project will need to be agreed with Government by SELEP prior to the commencement of GBF spend.
- 3.7. The recommendation of award of GBF funding to any of the projects outlined in this report is contingent upon receipt of Government approval for inclusion of the project within the GBF programme. Because of the contingent nature of the recommendations, if Government approval is not forthcoming, the project(s) will be removed from the programme with no further Board decision required. The GBF funding will be released for reallocation to alternative projects.

### **4. Projects considered under Value for Money Exemption 1 as set out in the SELEP Assurance Framework**

- 4.1. There is a requirement within the SELEP Assurance Framework for all projects to demonstrate a Benefit Cost Ratio (BCR) of at least 2:1 if funding is to be secured. However, 2 exemptions to this requirement are set out within the Assurance Framework.
- 4.2. If projects are to be considered for investment under Value for Money Exemption 1, all 5 of the following criteria must be met:

## Getting Building Fund funding decisions

- 4.2.1. 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
  - 4.2.2. the funding sought from the SELEP Ltd is less than £2m; and
  - 4.2.3. to conduct further quantified and monetised economic appraisal would be disproportionate to the capital funding ask; and
  - 4.2.4. there is an overwhelming strategic case (with minimal risk in the other cases of the Business Case); and
  - 4.2.5. there are qualitative benefits which, if monetised, would most likely increase the benefit-cost ratio above 2:1.
- 4.3. Two of the projects outlined in this report have sought to apply Value for Money Exemption 1. These projects are the Princess Alexandra Hospital – relocation of post graduate medical centre and Braintree – Active Travel. Compliance with the above criteria has been considered by the ITE as part of their assessment and whilst the projects have all been assessed as offering High value for money, the level of certainty of achieving this value for money has been reduced to Low/Medium due to a full economic appraisal having not been undertaken in each case. Further narrative on the outcome of the ITE assessment of each project is provided in the following sections of the report.

## 5. Princess Alexandra Hospital – relocation of post graduate medical centre, Essex

### Project information

- 5.1. Existing medical training facilities are located within a listed building on the Princess Alexandra Hospital site, however, this building is no longer fit for purpose and extensive building work is required. In order to continue to meet the requirements of Health Education England, provision of alternative onsite facilities for medical training is required. The GBF funding is being sought to support the delivery of the new training facilities.
- 5.2. Table 1 provides an overview of the project with more detailed information presented in Appendix C.

*Table 1: Overview of the Princess Alexandra Hospital – relocation of post graduate medical centre project*

GBF allocation: £500,000		Total project cost: £4,702,000	
Key project outputs and benefits as stated in the Business Case:			
<ul style="list-style-type: none"><li>972sqm of new or improved learning/training floorspace</li></ul>		<ul style="list-style-type: none"><li>Support for 1,200 new learners per annum</li><li>300 trainees achieving qualifications per annum</li></ul>	

- 5.3. Work commenced on the delivery of the new post-graduate medical centre in March 2021, and the completion of the shell of the building is expected in January 2022. As the project is so far progressed, the majority of the funding package has already been committed and

## Getting Building Fund funding decisions

spent. The final element of the funding requirements is the GBF funding, required to support fit out of the building, which is being considered at this meeting. If GBF funding is awarded, it is forecast for spend before the end of March 2022.

5.4. Table 2 below shows the breakdown of the funding package for the project (£m):

Breakdown of Funding (£m)		
Funding Source	2021/22	Total
Internal Trust Funds	4.202	<b>4.202</b>
Getting Building Fund	0.500	<b>0.500</b>
<b>Total</b>	<b>4.702</b>	<b>4.702</b>

### Additionality offered by the GBF funding

5.5. As outlined above, it is expected that the shell of the new building will be completed in January 2022. Without the GBF investment it is very likely that it will not be possible to complete the remaining internal works or to purchase the required equipment at the current time, meaning that the project will be paused. This is due to COVID-19 pressures which have required the Princess Alexandra Hospital NHS Trust to reassess the prioritisation of their capital spend, with primary consideration given to those capital costs which are essential to the continued effective operation of the Trust.

5.6. It is anticipated that the funding required to deliver the remaining works to complete the Post Graduate Medical Centre would not be approved by the Trust in 2022/23. The award of the GBF funding will, therefore, allow for earlier completion of the project and accelerated realisation of the forecast project benefits.

### Outstanding risks and conditions applied to the award of the GBF funding

5.7. Delivery of the project is well advanced and, as a result, the majority of the construction related risks have been mitigated. There are, however, ongoing risks with regard to the impact of COVID-19 on working practices and supply chains. This has the potential to both extend the delivery programme for the GBF funded works and increase the costs.

5.8. It is currently expected that the GBF funding will be spent in full by 31 March 2022 but this will be kept under review as the project progresses.

5.9. There is a requirement for a Monitoring and Evaluation Plan and a Baseline Report to be provided with each Business Case submitted for consideration of funding award. At the time of writing this report, these documents have not been provided. Whilst it is anticipated that the Monitoring and Evaluation Plan and Baseline Report will be provided in advance of the Board meeting, a long stop date of 28 February 2022 has been applied as a condition to the award of funding to the project.

5.10. Finally, as referenced at 3.7 in this report, Government approval for the inclusion of the project in the GBF programme is required.

### Outcome of the ITE assessment

## Getting Building Fund funding decisions

- 5.11. This project has sought to apply Value for Money Exemption 1 as set out in the SELEP Assurance Framework.
- 5.12. The Strategic Case states that a new site proximate to the hospital itself was specified and works are largely complete. GBF funding is sought to bridge a funding gap which has arisen due to NHS funding pressures brought on by COVID-19. Failure to fill this funding gap will result in works left uncomplete and the building unsuitable for use for at least 1 financial year. Leaving the building uncompleted and unoccupied would also degrade the local environment in conflict with Green Recovery aims. The new build has been specified to the latest required building sustainability standards.
- 5.13. Though the Value for Money Exemption has been applied for this project, some supporting economic analysis of the scheme benefits has been undertaken. This assesses the impact of the wider investment of which this funding bid only constitutes a small proportion. This economic appraisal results in an overall benefit cost ratio of 2.32:1 falling in High value for money categorisation. This analysis gives confidence that were the benefits of this funding bid isolated, that it would represent High value for money.
- 5.14. A reasonable and robust programme of work has been provided indicating the building could be operational by the end of February 2022 with SELEP GBF funding. Moreover, there is minimal risk in other cases, however, 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.

## 6. Food Street, East Sussex

### Project information

- 6.1. Food Street is an aspiration to develop a vibrant, independent food and drink-based economy at the seafront end of Terminus Road, Eastbourne. The project will bring 5 commercial units back into use as part of an enhanced commercial offer in Eastbourne Town Centre.
- 6.2. Table 3 provides an overview of the project with more detailed information presented in Appendix D.

*Table 3: Overview of the Food Street project:*

GBF Allocation: £100,000	Total Project Costs: £100,000
<ul style="list-style-type: none"><li>• 5 new commercial units available</li><li>• 440sqm of additional commercial space</li></ul>	<ul style="list-style-type: none"><li>• Create up to 10 Gross FTE jobs</li><li>• £203,314 of additional tourism benefits</li><li>• Land Value Uplift £16,137</li></ul>

- 6.3. Work commenced on the project in early 2021/22 and two of the new commercial units have already been completed and tenants are in place. It is anticipated that work on the remaining three units will be complete with tenants identified by April 2022.

## Getting Building Fund funding decisions

- 6.4. It was originally anticipated that these works would be funded by Eastbourne District Council and funding had been allocated to the project allowing work to commence onsite. However, the availability of the GBF funding sought through the prioritised project pipeline, allows for the Eastbourne District Council funding to be released for investment in future phases of the project, providing greater certainty that these phases will be delivered.
- 6.5. In addition, Levelling Up Funding has recently been secured from Central Government by Eastbourne District Council which will facilitate delivery of a pedestrianised route, offering an outdoor al fresco dining space and art gallery in the vicinity of Food Street.
- 6.6. In accordance with the programme outlined above, it is expected that the GBF funding will be spent in full by 31 March 2022.
- 6.7. Table 4 below shows the breakdown of the funding package for this project (£m):

Breakdown of Funding (£m)		
Funding Source	2021/22	Total
Getting Building Fund	0.100	<b>0.100</b>
<b>Total</b>	<b>0.100</b>	<b>0.100</b>

### Additionality offered by the GBF funding

- 6.8. The Food Street project is currently seeking to return 5 commercial units to use and represents the first phase of wider regeneration plans which have been supported through the Levelling Up Fund. As indicated above, the project was originally going to be funded by Eastbourne District Council, however, the availability of the GBF funding has allowed for this funding to be released to help support delivery of future phases of the project. The release of this funding provides greater certainty that the wider regeneration scheme will be delivered.

### Outstanding risks and conditions applied to the award of GBF funding

- 6.9. The project is nearing completion, with work already complete on 2 of the 5 commercial units, and therefore the majority of identified delivery risks have already been mitigated. However, there remains a risk that the delivery programme could still be impacted by the COVID-19 pandemic resulting in delayed completion of the planned works.
- 6.10. There is also an identified risk with regard to the realisation of the forecast project benefits. The COVID-19 pandemic has had a major adverse impact on the leisure and retail sector, however, Eastbourne District Council have seen a positive response from local independent businesses to the Food Street project so this risk is considered to be low.
- 6.11. As referenced at 3.7 in this report, Government approval for the inclusion of the project in the GBF programme is required.

### Outcome of ITE Assessment

- 6.12. The Strategic Case exhibits alignment with the objectives of the Getting Building Fund. The scheme will regenerate a key throughfare from the Town Centre to the seafront and bring dilapidated buildings back into economic use. It will support a wider programme of works aimed at regenerating Eastbourne Town Centre and 10 gross new FTE jobs are anticipated at the site. The scheme promoter notes that the area is proximate to the most deprived parts of Eastbourne and that the low quality of the current retail offer is impacting on vacancy levels which will be particularly important to tackle as part of COVID-19 recovery efforts. The scheme also promotes the Green Recovery, as it is a renovation making best use of derelict public space (rather than allowing the local environment to degrade). The scheme promoter also notes that the GBF is the only active government fund with criteria appropriate for the scheme and that private sector intervention is unlikely in lieu of investment.
- 6.13. A proportionate and robust economic appraisal of the scheme's costs and benefits has been undertaken assessing the land value uplift stimulated by the scheme and a 0.1% uplift in annual visitor day spend in Eastbourne. Employment benefits have not been assessed due to the potential for duplicating benefits. Because of this, and the low 0.1% uplift assumption, the scheme is thought to have conservative assumptions with potential for upside in out-turn value for money. Nevertheless, a BCR of 2.19:1 has been calculated representing High value for money.
- 6.14. Reasonable assumptions have been used to populate the scheme appraisal and a reasonable and robust programme has been provided which demonstrates that spend of the Getting Building Fund allocation and delivery of the scheme will likely be completed by the end of March 2022 (contractor has already been appointed). There were some uncertainties around the operating model in the financial dimension; the scheme promoter gave reasonable assurances that the operating model of tenants' businesses will be supported during the start-up phase with a 12-month rent free period, and appropriate credit checks carried out. Therefore, it has been assessed that the scheme delivers "High" value for money with High levels of certainty.

## 7. Braintree – Active Travel

### Project information

- 7.1. The project is seeking to deliver a package of sustainable transport improvements in Braintree. These improvements will include both permanent and temporary segregated corridors, footway widening, junction improvements and crossing improvements. The GBF funding will specifically be used to support the introduction of improved cycle facilities in the vicinity of the Braintree Train Station.
- 7.2. Table 5 provides an overview of the project with more detailed information presented in Appendix E.

*Table 5: Overview of the Station Approach Braintree Station Access project:*

## Getting Building Fund funding decisions

GBF Allocation £291,000	Total Project Costs £2,078,000
<ul style="list-style-type: none"> <li>• More people walking and cycling</li> <li>• Improved sustainable access to the town centre</li> </ul>	<ul style="list-style-type: none"> <li>• Improved sustainable access to the station</li> <li>• Improved health</li> </ul>

- 7.3. Work is expected to commence onsite in March 2022 and is scheduled for completion in September 2022.
- 7.4. Funding has been secured from the Active Travel Fund 2 through the Department for Transport (DfT) and from Essex County Council to enable delivery of the project. GBF funding has been sought to bridge a funding gap which has arisen. It is currently expected that the GBF funding will be spent in full by 31 March 2022.
- 7.5. Table 6 below shows the breakdown of the funding package for this project (£m):

Breakdown of Funding (£m)			
Funding Source	2021/22	2022/23	Total
Getting Building Fund	0.291		<b>0.291</b>
DfT (Active Travel Fund)	0.000	0.934	<b>0.934</b>
Essex County Council Contribution	0.076	0.777	<b>0.853</b>
<b>Total</b>	<b>0.367</b>	<b>1.711</b>	<b>2.078</b>

### Additionality offered by the GBF funding

- 7.6. Essex County Council has been successful in securing funding from the Active Travel Fund 2 to deliver a package of sustainable transport improvements in Braintree. However, since award of the funding costs have escalated, there has been a requirement for various groundworks and utility works to be completed and some quality enhancements have been added to the proposals.
- 7.7. As a consequence, the funding awarded through the Active Travel Fund 2 is no longer sufficient to support delivery of the entire package of works, which is likely to result in the removal of some elements of the project. The GBF investment will allow for the full package of works to be delivered as originally intended, thereby ensuring that the full range of benefits is realised.

### Outstanding risks and conditions applied to the award of GBF funding

- 7.8. Works have not yet commenced onsite and procurement of a contractor is scheduled to take place between January and February 2022. Given that procurement has not yet been undertaken, there remains a risk of further cost increases due to widely identified COVID-19 and Brexit impacts on the materials supply chain. This risk will be closely monitored.
- 7.9. At the present time works are scheduled to commence onsite in March 2022. This offers a very short window for the GBF funding to be spent, given that approval for retention of the GBF beyond 31 March 2022 has not been sought. This risk could be further exacerbated as a result of the need to co-ordinate the planned works with other roadworks scheduled to



## Getting Building Fund funding decisions

take place in the locality. A clash of works has the potential to delay the construction programme.

- 7.10. Finally, as referenced at 3.7 in this report, Government approval for the inclusion of the project in the GBF programme is required.

### Outcome of ITE Assessment

- 7.11. This project has sought to apply Value for Money Exemption 1 as set out in the SELEP Assurance Framework.
- 7.12. The strategic case exhibits strong alignment with GBF objectives. The scheme aims to address traffic congestion in Braintree, which is currently a particular problem during AM and PM peaks in the relevant areas. It aims to improve cycling mode share in the town which is currently below the Essex average so will support the Green Recovery by encouraging transport decarbonisation. The scheme will also aim to improve public health by replacing some of the short journeys currently taken by private car. It has been planned with the future growth of the town in mind with 14,320 new homes planned by 2033. The aim is to counteract associated deteriorations in congestion, noise and air quality (and discourage a car-led COVID-19 Recovery) by increasing capacity for alternatives to the private car.
- 7.13. Though the value for money exemption has been applied, some supporting economic analysis of the scheme benefits has been undertaken using the Active Mode Appraisal Tool (AMAT) in compliance with government guidance for appraising active travel schemes. This assesses a number of quantified benefits including reduced congestion, reduced risk of premature death and reduced absenteeism. The scheme promoter assumed an appropriate 20 year appraisal period and 5% uplift to cycling trips as a result of the scheme (central assumption). This results in a BCR of 1.35:1. It has been noted that the scheme promoter used very conservative assumptions in the appraisal and that similar schemes often assume a 15% uplift to cycling trips. Other (non-quantified) benefits and walking benefits were also not assessed. Were these impacts to be quantified it is likely that the BCR would be in excess of 2:1 representing High value for money.
- 7.14. To demonstrate deliverability, a programme has been provided which indicates that spend of the Getting Building Fund allocation will be completed before March 2022. Moreover, there is minimal risk in the other cases. However, 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 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.

## Getting Building Fund funding decisions

- 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, 2.1.2 and 2.1.3, 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
- 11.2. Appendix B – GBF funding awards
- 11.3. Appendix C – Princess Alexandra Hospital – relocation of post graduate medical centre, Essex project Information
- 11.4. Appendix D – Food Street project Information
- 11.5. Appendix E – Braintree – Active Travel project Information


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

- 12.1. Princess Alexandra Hospital – relocation of post graduate medical centre, Essex – project Business Case
- 12.2. Food Street – project Business Case
- 12.3. Braintree – Active Travel project 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)**

<b>Role</b>	<b>Date</b>
<b>Accountable Body sign off</b> Stephanie Mitchener <b>(on behalf of Nicole Wood, S151 Officer, Essex County Council)</b>	03/02/2022

# Independent Technical Evaluator - Business Case Assessment – Q4 2021/22 Report





# Independent Technical Evaluator - Business Case Assessment – Q4 2021/22 Report

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# 1 Independent Technical Evaluation of Getting Building 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 11<sup>th</sup> February 2022 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' decision on funding, but to provide evidence to the South East Local Enterprise Partnership Board to make such decisions based on expert, independent and transparent advice. Approval will, in part, depend on the appetite of the Board to approve funding for schemes where value for money is not assessed as being high (i.e. where a benefit to cost ratio is below two to one and / or where information and / or analysis is incomplete).
- 1.5 The assessment is based on adherence of scheme business cases to Her Majesty's Treasury's *The Green Book: Central Government Guidance on Appraisal and Evaluation*<sup>1</sup>, and related departmental guidance such as the Department for Transport's TAG (Transport Analysis Guidance, formerly WebTAG) or the DCLG/MHCLG Appraisal Guide. All of these provide proportionate methodologies for scheme appraisal (i.e. business case development).
- 1.6 Pro forma have been developed based on the criteria of *The Green Book*, a 'checklist for appraisal assessment from Her Majesty's Treasury, DfT's TAG, MHCLG's Appraisal Guide, and other departmental guidance.

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<sup>1</sup> Source:

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



- 1.7 Individual criteria were assessed and 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 meetings, telephone calls and emails in December 2021/January 2022.

## Getting Building Fund

- 1.11 Five business cases have been assessed for schemes seeking a Getting Building Fund allocation. Below are our recommendations to the Accountability Board, including key findings from the evaluation process and details of any issues arising.
- 1.12 With all schemes at outline business case stage, there remains a residual risk to value for money and deliverability until the contractor costs are confirmed, however this should not present a barrier to approval of funding at this stage.
- High value for money, High certainty**
- 1.13 The following GBF scheme achieves **high value for money** with a **high certainty** of achieving this.
- Food Street, Eastbourne (£0.1m)*
- 1.14 The Project will bring 5 properties back into high quality commercial use in the Terminus Road area of Eastbourne Town Centre through refurbishment and commercial tenancy arrangements managed by Eastbourne Borough Council. This will create 440 sqm of new commercial floorspace as part of a wider programme of work in the Town Centre, including pedestrianisation of the same street, aimed at enhancing the visitor experience and attracting greater levels of tourism to Eastbourne.
- 1.15 The strategic case exhibits alignment with the objectives of the Getting Building Fund. The scheme will regenerate a key throughfare from the Town Centre to the seafront and bring dilapidated buildings back into economic use. It will support a wider programme of works aimed at regenerating Eastbourne Town Centre and 10 gross new FTE jobs are anticipated at the site. The scheme promoter notes that the area is proximate to the most deprived parts of Eastbourne and that the low quality of the current retail offer is impacting on vacancy levels which will be particularly important to tackle as part of Covid recovery efforts. The scheme also promotes the Green Recovery, as it is a renovation making best use of derelict public space (rather than allowing the local environment to degrade). The scheme promoter also notes that the GBF is the only active government fund with criteria appropriate for the scheme and that private sector intervention is unlikely in lieu of investment.
- 1.16 A proportionate and robust economic appraisal of the scheme's costs and benefits has been undertaken assessing the land value uplift stimulated by the scheme and a 0.1% uplift in annual visitor day spend in Eastbourne. Employment benefits have not been assessed due to the potential for duplicating benefits. Because of this, and the low 0.1% uplift assumption, the scheme is thought to have conservative assumptions with potential for upside in out-turn value for money. Nevertheless a BCR of 2.19:1 has been calculated representing High value for money.
- 1.17 Reasonable assumptions have been used to populate the scheme appraisal and a reasonable and robust programme has been provided which demonstrates that spend of the Getting Building Fund allocation and delivery of the scheme will likely be completed by the end of March 2022 (contractor has already been appointed). There were some uncertainties around the operating model in the financial dimension; the scheme promoter gave reasonable assurances that the operating model of tenants' businesses will be supported during the start-up phase with a 12 month rent free period, and appropriate credit checks carried out. Therefore, it has been assessed that the scheme delivers "High" value for money with High levels of certainty.

### **High value for money, medium certainty**

- 1.18 The following GBF scheme achieves **high value for money** with a **medium certainty** of achieving this.  
*TechFort at the Citadel (£1.0m)*
- 1.19 The Project will involve the refurbishment of Casemates 51 and 52 (buildings at the historic Citadel Fort in Dover). This will be to use as a space for a gallery, market, recording studio and bar. The scheme elements are part of the wider planned transformation of the site for mixed-use, including for apprenticeships and education (though this is not assessed here).
- 1.20 The strategic case exhibits strong alignment with GBF objectives in terms of regenerating derelict historic assets for uses promoting economic growth and wider economic vitality in Dover. The phase funded by GBF is expected to create 17 FTE jobs. This will make best use of existing building space accelerating a Green Recovery from Covid-19.
- 1.21 The economic rationale for the scheme is based on employment benefits. Benefits are calculated using average GVA per FTE in Dover over a 10 year appraisal period. Adjusted benefits are also applied including a one-off heritage benefit quantified using cited academic methodology and Green Book values on the wellbeing impacts of participation in the arts. There are further non-quantified impacts including health and education benefits from arts participation and local job creation associated with events hosted at the site. Initial BCR is calculated at 3.65:1, with adjusted benefits this rises to 6.84:1. This assessment shows the scheme to fall within a “very high” value for money categorisation.
- 1.22 Reasonable assumptions have been used to populate the business case. The main risk is centred around the need to receive planning permission and Historic England approval. The scheme promoter has evidenced positive conversations with Dover District Council with regard to the required planning permission and has outlined an expected timeline for consideration of the Scheduled Monument Consent approval by Historic England. Though both these stakeholders support the scheme in principle, the unclear timescales on approvals constitute a moderate risk to delivering the scheme on time and to cost.
- 1.23 A request has been made by the scheme promoter that, if the scheme is approved funding, spend can be extended beyond the 31 March 2022, which is the official end date of the GBF period. We would recommend that the Accountability Board considers the risk that the outstanding consents pose to certainty of deliverability before deciding whether or not to approve funding for the scheme.

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

- 1.24 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.  
*Seven Sisters Country Park Visitor Infrastructure Uplift (£0.2m)*
- 1.25 The Project will form part of the new business plan for Seven Sisters Country Park in East Sussex as planned by South Downs National Park Authority, the scheme promoter. It will comprise new toilets, 131sqm of new retail space for local businesses inside the visitor centre, on-site accommodation to support a warden for the site alongside the refurbishment of 3 unoccupied cottages to create holiday lets.

1.26 The strategic case exhibits strong alignment with the GBF objectives. The scheme aims to address the unrealised potential of the visitor economy in Seven Sisters Country Park and the lack of a strong visitor offer. It will provide economic opportunities to local businesses by giving them a centralised retail space creating or safeguarding 6 FTE jobs. The scheme promotes the Green Recovery by improving access to areas of natural beauty and conserving historic farmstead. It will also enable future investment in the Park by establishing new income streams, which will be important to safeguard the commercial viability of the park for expansion post-Covid.

1.27 The scheme promoter has opted to exercise the value for money exemption; scheme value is well within this limit at £0.2m so this is judged to be proportionate. A robust qualitative justification for the scheme is provided in terms of evaluating benefits. A quantification of benefits is also provided:

- 6.5 FTE jobs created and/or safeguarded
- Accommodation for on-site warden
- 131sqm of high footfall retail space supporting 100 enterprises
- Supporting projected increase in average visitor spend from £0.38 to £3.90 (established by an independent Retail Report)
- Supporting increase in visitor centre footfall from 65,000 to 100,000 in year 1 with further increases thereafter

It is expected that if the scheme underwent full economic appraisal it would represent High value for money. Moreover, there is minimal risk in the other cases.

1.28 Reasonable assumptions have been used to populate the business case. A reasonable and robust programme has been provided which demonstrates that spend of the Getting Building Fund funding and delivery of the scheme will likely be completed by the end of September 2022 after a tendering process in March 2022. A request has been made by the scheme promoter that, if the scheme is approved funding, spend can be extended beyond the 31 March 2022, which is the official end date of the GBF period.

1.29 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.

*Braintree Active Travel (£0.3m)*

1.30 The Project will complete new walking and cycling routes in Braintree, specifically along the route section leading to Station Approach. This is part of a wider programme of works aimed at encouraging active travel in the town and improving accessibility for pedestrians and cyclists around the train station.

1.31 The strategic case exhibits strong alignment with GBF objectives. The scheme aims to address traffic congestion in Braintree, which is currently a particular problem during AM and PM peaks in the relevant areas. It aims to improve cycling mode share in the town which is currently below the Essex average so will support the Green Recovery by encouraging transport decarbonisation. The scheme will also aim to improve public health by replacing some of the short journeys currently taken by private car. It has been planned with the future growth of the town in mind with 14,320 new homes planned by 2033. The aim is to counteract associated deteriorations in congestion, noise and air quality (and discourage a car-led Covid Recovery) by increasing capacity for alternatives to the private car.

1.32 Though the value for money exemption has been applied, some supporting economic analysis of the scheme benefits has been undertaken using the Active Mode Appraisal Tool (AMAT) in compliance with government guidance for appraising active travel schemes. This assesses a

number of quantified benefits including reduced congestion, reduced risk of premature death and reduced absenteeism. The scheme promoter assumed an appropriate 20 year appraisal period and 5% uplift to cycling trips as a result of the scheme (central assumption). This results in a BCR of 1.35:1. It has been noted that the scheme promoter used very conservative assumptions in the appraisal and that similar schemes often assume a 15% uplift to cycling trips. Other (non-quantified) benefits and walking benefits were also not assessed. Were these impacts to be quantified it is likely that the BCR would be in excess of 2:1 representing high value for money.

- 1.33 To demonstrate deliverability, a programme has been provided which indicates that spend of the Getting Building Fund allocation 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.

*Princess Alexandra Hospital (£0.5m)*

- 1.34 The Project will provide new medical training and corporate training facilities to the Trust. The building currently used for these purposes, Parndon Hall, has become expensive to maintain and is in a state of disrepair representing an urgent need to relocate in terms of staff health and safety. A new build was estimated as less costly than refurbishment.
- 1.35 The strategic case states that a new site proximate to the hospital itself was specified and works are largely complete. Funding is sought to address a funding gap which is required externally due to NHS funding pressures brought on by Covid-19. Failure to fill this funding gap will result in works left uncomplete and the building unsuitable for use for at least 1 financial year. Leaving the building uncompleted and unoccupied would also degrade the local environment in conflict with Green Recovery aims. The new build has been specified to the latest required building sustainability standards.
- 1.36 Though the value for money exemption has been applied for this project, some supporting economic analysis of the scheme benefits has been undertaken. This assesses the impact of the wider investment of which this funding bid only constitutes a small proportion. This economic appraisal results in an overall benefit cost ratio of 2.32:1 falling in the high value for money categorisation. This analysis gives confidence that were the benefits of this funding bid isolated, that it would represent high value for money.
- 1.37 A reasonable and robust programme of work has been provided indicating the building could be operational by the end of February 2022 with SELEP GBF funding. Moreover there is minimal risk in 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.

**Table 1.1: Gate 1 & 2 Assessment of Getting Building Fund Approval for Funding for Q4 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										
Food Street, Eastbourne	£0.1m	2.19	Green	Green	Green	Green/Amber	Green	A monetised economic appraisal assessing land value uplift and visitor spend uplift in line with MHCLG guidance, which is appropriate and proportionate for this scheme.	A robust and evidenced set of assumptions has been provided.	A clear plan for delivery has been provided.
TechFort at the Citadel	£1.0m	3.65:1 (initial) 6.84:1 (adjusted)	Green	Green	Green/Amber	Green	Amber	A reasonable and proportionate approach to assessing scheme costs and benefits using Green Book (and other) guidance has been taken. High value for money has been established thoroughly, and potentially Very High if uncertainties are mitigated.	Principal risk sitting in the strategic case around the need to obtain planning permission and Historic England (SMC) consents. Attracting vendors/footfall to the site is also a slight uncertainty mitigated in the business case. Commercial case has uncertainties around procurement process which is not at an advanced stage.	A clear plan for delivery has been provided subject to approvals.
Seven Sisters Country Park Visitor Infrastructure Uplift	£0.2m	VfM exemption applied	Green	Amber	Green	Green/Amber	Green	A reasonable and proportionate approach to assessing benefits and costs of the scheme has been taken in line with Green Book guidance and internal Defra requirements.	Some risks around inflation not being applied to operating costs, and the possibility of cost/timescale overruns (principally due to Covid-19), but not expected to have an impact on overall assessment.	A clear plan for delivery has been provided.

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
<b>Braintree Active Travel</b>	<b>£0.3m</b>	<b>VfM exemption applied</b>	<b>Green</b>	<b>Amber</b>	<b>Green</b>	<b>Green</b>	<b>Green</b>	A reasonable and proportionate, if somewhat conservative, approach to assessing costs and benefits was taken using the Active Mode Appraisal Tool.	Robust analysis. Risks remaining include managing stakeholder objections, obtaining remaining consents and delivering the scheme on time to cost (Covid-19 and inflation risk).	A clear plan for delivery has been provided.
<b>Princess Alexandra Hospital Trust New Build</b>	<b>£0.5m</b>	<b>VfM exemption applied</b>	<b>Green</b>	<b>Amber</b>	<b>Green</b>	<b>Green</b>	<b>Amber</b>	Strategic and commercial cases are reasonable but some uncertainties around BCR and benefits calculation behind this. Value for money exemption has been applied to this.	No Monitoring and Evaluation Plan has been completed and should be before beginning scheme delivery. Business case confirms that any operating losses will be covered by the Trust and factored into internal financial planning.	Clear plan for delivery but uncertainties remain as outlined.



## LGF Change Requests

- 1.38 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

#### *Southend Airport Business Park*

- 1.39 Southend-on-Sea Borough Council is seeking an additional £1.5m to spend on the Southend Airport Business Park Project. The scope of the project remains investing in the development of a green park site located next to Southend Airport. The project aims to deliver 3,715 jobs, 84,148 square metres of commercial floorspace, 2km newly built roads, 2km new cycleways, and reclaim 19 hectares of land.
- 1.40 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.
- 1.41 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.
- 1.42 The additional funding request of £1.5m represents an increase in total scheme cost from £31.2m to £32.7m. Our assessment show 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.

#### *A127 Essential Major Maintenance*

- 1.43 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.
- 1.44 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.
- 1.45 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, with the main works package completing 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*

- 1.46 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.
- 1.47 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.

- 1.48 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.
- 1.49 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*

- 1.50 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.
- 1.51 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.
- 1.52 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.
- 1.53 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

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V0.4 Draft for Client  
V1.0 revised draft for Client

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**Date**

12 January 2022  
13 January 2022  
14 January 2022

## Appendix B - Summary of GBF projects seeking funding approval

Name of Project	Sponsoring Upper Tier	S151 officer sign off received	VFM	Certainty	BCR	Total GBF - £
Princess Alexandra Hospital - Relocation of post graduate medical centre	Essex	Yes	High	Low/Medium	Value for Money Exemption applied	500,000
Food Street	East Sussex	Yes	High	High	2.19:1	100,000
Braintree - Active Travel	Essex	Yes	High	Low/Medium	Value for Money Exemption applied	291,000
<b>Total GBF Recommended for Approval</b>						<b>891,000</b>

## Appendix C – Getting Building Fund Project Background Information

<b>Name of Project</b>	<p><b>Princess Alexandra Hospital - Relocation of post graduate medical centre.</b></p> <p>Harlow, Essex</p> <p>Essex County Council</p>
<b>Getting Building Fund value</b>	<p>Total GBF allocation - £500,000</p>
<b>Description of what Project delivers</b>	<p>Existing medical training facilities are located within Parndon Hall, a listed building. Parndon Hall, however, is no longer fit for purpose. Extensive building maintenance is required, including work on the roof, walls, floors, electrics, and plumbing. The state of the building poses a risk to the safety and welfare of staff.</p> <p>To continue to meet contractual demands with their main commissioner, Health Education England, the Princess Alexandra Hospital NHS Trust needs to provide alternative on-site facilities for medical education teams to operate in and deliver essential services to Trust staff and students on placement to the Trust.</p> <p>The new facility will provide a safe space in which medical education and corporate training can operate and enable stakeholders to develop their services and provide income generating opportunities for the Trust while contributing significantly to their reputation as a place of excellence in which to work and be trained.</p>
<b>Need for Intervention</b>	<p>Existing Medical Training facilities and library services are located within Parndon Hall and Corporate training facilities are located in Harlow college (leased space).</p> <p>Existing medical training facilities are located within Parndon Hall, a listed building, which is no longer fit for purpose. Extensive building maintenance is required, including work on the roof, walls, floors, electrics and plumbing. The state of the building poses a risk to the safety and welfare of staff.</p> <p>Growth in medical students from both Anglia Ruskin (ARU) and Queen Mary University of London (QMUL) is expected in coming years and some of this growth is predicated on being able to provide an adequate training facility. This growth would bring in income from both ARU and QMUL, who already contribute close to £1 million to support medical student training. Significant growth in GP trainees using facilities is also expected, with an extra 25 GP trainees starting this summer. All of these doctors in training will need the facility for lectures, learning and simulation experience.</p> <p>The Trust has received feedback during the pandemic that students and trainers are not happy with the online learning environment; a new training facility is needed to provide face to face training and more</p>

	space will be required to deliver pre-pandemic levels of training due to social distancing.		
<b>Project benefits</b>	972sqm of new or improved learning/training floorspace		
	Support for 1,200 new learners per annum		
	300 trainees achieving qualifications per annum		
<b>Financial Information</b>	<b>Breakdown of Funding (£m)</b>		
	<b>Funding Source</b>	<b>2021/22</b>	<b>Total</b>
	Internal Trust Funds	4.202	<b>4.202</b>
	Getting Building Fund	0.500	<b>0.500</b>
	<b>Total</b>	<b>4.702</b>	<b>4.702</b>
<b>Project constraints and risks</b>	The project is nearing completion and therefore delivery risks are considered to be minimal. The GBF funding will be used to fit out the new building and to purchase essential equipment. There are remaining ongoing supply chain risks including the risks of increasing costs and extended lead in periods.		
<b>Options consideration</b>	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.		
<b>Project Timeline</b>	<b>Key Milestone/Deliverable</b>		<b>Date Completed</b>
	Initial Design and Creation of Business Case		December 2020 to March 2021
	Approval of Business Case within Trust		March 2021
	Tender		Complete
	Evaluation		Complete
	Seek direct ward costings		Complete
	Works completion		December 2021/January 2022
	Building Operational		February 2022
<b>Outcome of ITE Review</b>	The project has been assessed as assessed as High value for money with a Low/Medium certainty of achieving this.		
	The project is subject to Value for Money Exemption 1 as set out in the SELEP Assurance Framework.		
	For additional information, please refer to the Report of the Independent Technical Evaluator (Appendix A).		
<b>Evidenced compliance with Assurance Framework?</b>	Yes, the project does meet the requirements of the SELEP Assurance Framework.		
	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.		
<b>Link to Project webpage</b>	<a href="https://www.southeastlepp.com/project/princess-alexandra-hospital-relocation-of-post-graduate-medical-centre/">https://www.southeastlepp.com/project/princess-alexandra-hospital-relocation-of-post-graduate-medical-centre/</a>		

## Appendix D – Getting Building Fund Project Background Information

<b>Name of Project</b>	<b>Food Street</b>		
	Eastbourne		
	East Sussex County Council		
<b>Getting Building Fund value</b>	Total GBF allocation - £100,000		
<b>Description of what Project delivers</b>	<p>Food Street is an aspiration to develop a vibrant, independent food and drink-based economy at the seafront end of Terminus Road. It seeks to bring 5 refurbished (previously vacant) commercial units back into use as part of an enhanced commercial offer in Eastbourne Town Centre.</p> <p>The GBF project is Phase 1 of the wider Victoria Place regeneration plans, including pedestrianisation of the street, that has recently secured Levelling Up Funding from Central Government for subsequent phases.</p>		
<b>Need for Intervention</b>	Food Street involves refurbishment of a small number of commercial units. This cannot be covered by increases in rent, because this would prevent small independent businesses from occupying prime premises in the town centre, undermining the strategic aim of developing Eastbourne into a unique destination.		
<b>Project Benefits</b>	5 new commercial units available		
	440sqm of additional commercial space		
	Create up to 10 Gross FTE jobs		
	£203,314 of additional tourism benefits		
	Land Value Uplift £16,137		
<b>Financial Information</b>	<b>Breakdown of Funding (£m)</b>		
	<b>Funding Source</b>	<b>2021/22</b>	<b>Total</b>
	Getting Building Fund	0.10	0.10
	<b>Total</b>	<b>0.10</b>	<b>0.10</b>
<b>Project constraints and risks</b>	<b>Risk</b>	<b>Mitigation</b>	
	Failure to secure Getting Building Fund (GBF)	Submission of a robust and evidence based GBF bid. Any gaps identified at Gate Review can be addressed for future funding submissions.	
	Delayed completion of the works leading to a delay in GBF spend	Tight supervision, programme monitoring and seeking recovery plan from Contractor at early stage.	
	Non-delivery of project outcomes and missed programme deadlines	Eastbourne Borough Council has considerable experience of delivering capital schemes on time and to budget. It will use its existing project management processes to monitor timely delivery against agreed milestones	

<b>Options consideration</b>	A list of five options has been considered in the Business Case and justification has been provided as to why the preferred option has been selected.	
<b>Project Timeline</b>	<b>Key Milestone/Deliverable</b>	<b>Expected Completion Date</b>
	Start of Project	July 2021
	Public Consultation	Complete
	Detailed Design	Complete
	Site Mobilisation Works Commence	December 2021
	Project Completion/Site Opening	April 2022
<b>Outcome of ITE Review</b>	<p>The project has been assessed as High value for money with a High level of certainty of achieving this.</p> <p>For additional information, please refer to the Report of the Independent Technical Evaluator (Appendix A).</p>	
<b>Evidenced compliance with Assurance Framework?</b>	Yes, the project does meet the requirements of the SELEP Assurance Framework.	
<b>Link to Project webpage</b>	<a href="https://www.southeastlep.com/project/food-street-eastbourne/">https://www.southeastlep.com/project/food-street-eastbourne/</a>	

## Appendix E – Getting Building Fund Project Background Information

Name of Project	Braintree – Active Travel					
	Braintree Essex County Council					
Getting Building Fund value	Total GBF allocation - £291,000					
Description of what Project delivers	To ensure that people are encouraged to walk, or cycle, for the short local journeys and to avoid using the car, Essex County Council are delivering the objectives contained in Braintree’s Cycling Action Plan. In particular, there is a need to deliver connected routes and cohesive networks that connect safely and directly to the existing footpaths and cycle way routes, to and from new developments to the main commuter, community and retail centres, or recreational links.					
Need for Intervention	Rising costs of the project, the addition of further enhancements and various additional groundwork and works around infrastructure beneath the road surface have meant a reduction in what can be delivered within the existing funding package. The GBF will allow for the reinstatement of all measures originally proposed.					
Project Benefits	More people walking and cycling					
	Improved sustainable access to the town centre					
	Improved sustainable access to the station					
	Improved health					
Financial Information		Breakdown of Funding (£m)				
		Funding Source	2021/22	2022/23		Total
		Getting Building Fund	0.291			0.291
		DfT (Active Travel Fund)	0.000	0.934		0.934
		Essex County Council Contribution	0.076	0.777		0.853
		Total	0.367	1.711		2.078
Project constraints and risks	Risk		Mitigation			
	Construction cost increases		Ensure regular monitoring of supply cost increases			
	Public objections to the scheme		Public consultations are already underway and no serious concerns have been raised			
	Requires alignment with other works being undertaken in the area		Early and ongoing discussions required			
Options consideration	A list of five 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			Expected Completion Date		
	Detailed Design			January 2022		
	Tender Process			January/February 2022		
	Construction commences – Station approach GBF funded			March 2022		

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	Phased Construction	March to September 2022
	Project Completion/Site Opening	September 2022
<b>Outcome of ITE Review</b>	<p>The project has been assessed as High value for money with a Low/Medium certainty of 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 (Appendix A).</p>	
<b>Evidenced compliance with Assurance Framework?</b>	Yes, the project does meet the requirements of the SELEP Assurance Framework.	
<b>Link to Project webpage</b>	<a href="https://www.southeastlep.com/project/braintree-active-travel/">https://www.southeastlep.com/project/braintree-active-travel/</a>	

**Forward plan reference number:** FP/AB/482  
and FP/AB/483

<b>Report title:</b> Getting Building Fund funding decisions and extension requests	
<b>Report to:</b> Accountability Board	
<b>Report author:</b> Howard Davies, SELEP Capital Programme Officer	
<b>Meeting date:</b> 11 February 2022	<b>For:</b> Decision
<b>Enquiries to:</b> <a href="mailto:howard.davies@southeastlep.com">howard.davies@southeastlep.com</a>	
<b>SELEP Partner Authority affected:</b> East Sussex and Kent	

## 1. Purpose of report

- 1.1. The purpose of this report is for the Accountability Board (the Board) to consider the award of £1,209,000 Getting Building Fund (GBF) to the Techfort and Seven Sisters Country Park visitor infrastructure uplift projects as set out in Appendix B.
- 1.2. The Board will also be asked to consider whether the projects outlined in this report meet the conditions agreed by the Board in July 2021 for retention of their respective GBF allocations beyond 31 March 2022.

## 2. Recommendations

### Techfort

- 2.1. The Board is asked to agree **one** of the two options set out in this report:

#### Option 1

- 2.1.1. **Agree** the award of £1,009,000 GBF to Kent County Council for further award to Dover Citadel Ltd for the Techfort project which has been assessed as offering High value for money with a Medium certainty of achieving this, subject to Government approval of project inclusion within the GBF programme and confirmation of receipt of all outstanding consents including planning and Scheduled Monument Consent by 20 May 2022 and agree that the GBF funding can be retained against the project beyond March 2022 for a maximum period of 9 months, as an exception, subject to Strategic Board endorsement in March 2022.

#### Option 2

- 2.1.2. **Agree** that GBF funding should not be awarded to the Techfort project due to the risks presented from the outstanding consents and the inability of the project to meet the criteria and conditions previously agreed by the Board for retention of the GBF funding beyond March 2022.

### **Seven Sisters Country Park visitor infrastructure uplift project**

- 2.2. The Board is asked to agree **one** of the two options set out within this report:

#### **Option 1**

- 2.2.1. **Agree** the award of £200,000 GBF to East Sussex County Council for further award to the South Downs National Park Authority for the Seven Sisters Country Park visitor infrastructure uplift project which has been assessed as offering High value for money with a Low/Medium certainty of achieving this (Value for Money Exemption 1 applied), subject to Government approval of project inclusion within the GBF programme and agree that the GBF funding can be retained against the project beyond March 2022 for a maximum period of 6 months, subject to Strategic Board endorsement in March 2022.

#### **Option 2**

- 2.2.2. **Agree** that GBF funding should not be awarded to the Seven Sisters Country Park visitor infrastructure uplift project due to the risks presented and the inability of the project to meet the conditions previously agreed by the Board for retention of the GBF funding beyond March 2022.

### **3. Background**

- 3.1. In November 2021, the Fast Track Business Solutions for the Hastings Manufacturing Sector project was removed from the GBF programme. This released £3.5m GBF for reallocation to alternative projects on the GBF prioritised project pipeline.
- 3.2. The return of the GBF funding allowed the Board to make a decision on the Amelia Scott project at the November 2021 meeting and as a result £1.4m GBF was awarded to the project. A further decision with regard to the award of £0.891m of the GBF funding released for reallocation will be considered at this Board meeting under Agenda Item 8.
- 3.3. The award of £1.209m GBF, the remaining balance of the funding released for reallocation to alternative projects, is considered within this report. Both projects set out within this report have indicated that spend of their GBF allocations (if awarded) will extend beyond March 2022, which represents the official end of the GBF programme. Therefore, the Board are also asked to consider whether the projects meet the criteria and conditions agreed in July 2021 for retention of the GBF funding beyond 31 March 2022.
- 3.4. Business Cases have been developed for the projects outlined in this report and they have been subject to assessment by the Independent Technical Evaluator (ITE) in line with the requirements of the SELEP Assurance Framework. The outcome of the ITE assessment is outlined within this report and the full ITE report can be found at Appendix A (as attached to Agenda Item 8).
- 3.5. Since creation of the GBF prioritised project pipeline further work has been undertaken to develop the Business Cases for the selected projects. This has resulted in changes to the outcomes stated in the applications for inclusion in the pipeline. The outcomes to be

achieved by each project will need to be agreed with Government by SELEP prior to the commencement of GBF spend.

- 3.6. The recommendation of award of GBF funding to any of the projects outlined in this report is contingent upon receipt of Government approval for inclusion of the project within the GBF programme. Because of the contingent nature of the recommendations, if Government approval is not forthcoming, the project(s) will be removed from the programme with no further Board decision required. The GBF funding will be released for reallocation to alternative projects.

#### **4. Retention of GBF Funding beyond 31 March 2022**

- 4.1. As indicated at section 3.3, both projects under consideration in this report have indicated that spend of their GBF allocations (if awarded) will extend beyond March 2022, which is the official end of the GBF programme.
- 4.2. In July 2021, the Board agreed SELEP's position on the retention of GBF funding against projects beyond 31 March 2022. The Board agreed that GBF funding could be retained against projects subject to certain criteria and conditions being satisfied. The agreed criteria and conditions were as follows:
- 4.2.1. The maximum extension offered to a GBF project is 6 months, to 30 September 2022.
  - 4.2.2. 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.
  - 4.2.3. Projects must demonstrate that they meet the following six conditions before the Board will be asked to consider approving retention of GBF funding beyond 31 March 2022:
    - 4.2.3.1. Provision of a clear delivery plan with specific delivery milestones and completion date to be agreed by the Board;
    - 4.2.3.2. Confirmation that all funding sources identified to enable delivery of the project are in place and provision of an updated GBF spend profile;
    - 4.2.3.3. Written confirmation that all planning requirements will be met by 31 December 2021;
    - 4.2.3.4. Confirmation that contractual commitments will be in place with the construction contractor by 31 January 2022;

## Getting Building Fund funding decisions and extension requests

4.2.3.5. Confirmation that the total project cost and the project benefits remain unchanged ensuring that the Project continues to offer High value for money;

4.2.3.6. Endorsement from Strategic Board that the funding should be retained against the Project beyond 31 March 2022.

4.3. Given that the projects under consideration in this report are also seeking award of GBF funding at this meeting, the requirement for projects to have been delayed by external factors which could not have been foreseen at the time of Business Case development is less relevant. The primary focus will be on each projects ability to deliver within the stated timeframe.

4.4. Information has been provided to demonstrate how the two projects under consideration meet the conditions and criteria agreed by the Board in July 2021 for retention of GBF funding against the project beyond 31 March 2022. This information is set out in Appendix E and is summarised in the following sections of the report.

## 5. Techfort, Kent

### Project information

5.1. The project seeks to bring the Casemates at The Citadel into beneficial economic use, helping to stabilise the ancient monument and creating jobs in Dover. The Casemates were previously used by the Ministry of Justice but are currently redundant and need refurbishment before they can be re-occupied. The project specifically seeks to refurbish Casemates 51 and 52, creating 1,012 sqm of space for a recording studio, bar, gallery and market.

5.2. The GBF funding is sought to kick-start the development process at The Citadel, with these works representing the first phase of a long-term vision for the site.

5.3. Table 1 provides an overview of the project, with more detailed information presented in Appendix C.

*Table 1: Overview of the Techfort project*

GBF allocation: £1,009,000	Total project cost: £1,260,417
Key project benefits as stated in the Business Case: <ul style="list-style-type: none"><li>• Re-use of a Citadel Fort as a unique historical asset to deliver local and national economic benefits and acting as a catalyst for the long-term redevelopment.</li><li>• 17 jobs</li></ul>	<ul style="list-style-type: none"><li>• 10,890 sqm of space available for a mix of creative businesses.</li><li>• Public access to 5 acres of site</li></ul>

5.4. Work is expected to commence onsite in Q1 2022/23, although this is subject to receipt of required planning and Scheduled Monument Consents. It is expected that the GBF funded

## Getting Building Fund funding decisions and extension requests

works will be completed by September 2022, with the first official event planned for Q3 2022/23.

- 5.5. The GBF funding makes up the majority of the funding package required for the initial works at the site. The remaining funding has been committed by the scheme promoter. It is currently expected that the GBF funding will be spent between Q1 and Q3 2022/23.
- 5.6. Table 2 below shows the breakdown of the funding package for this project (£m):

Breakdown of Funding (£m)		
Funding Source	2022/23	Total
Dover Citadel Ltd	0.251	<b>0.251</b>
Getting Building Fund	1.009	<b>1.009</b>
<b>Total</b>	<b>1.260</b>	<b>1.260</b>

### Additionality offered by the GBF funding

- 5.7. The Citadel, a significant heritage asset, has been unoccupied since 2015 and is currently subject to intrusion, graffiti, deterioration, and ivy invasion. The site is an attractive proposition to potential private sector tenants, however, there is a material reticence to being the first tenant on a large redundant brownfield site and therefore the establishment of an anchor activity is essential to kickstart the redevelopment of the entire site. Award of the GBF funding would support the creation of initial commercial space on the site and will increase the attractiveness of the site through reducing risk perceived by potential private sector tenants.

### Outstanding risks and conditions applied to the award of GBF funding

- 5.8. Compared to the other projects under consideration in this report, Techfort is at a relatively early stage of development. The two biggest risks to project delivery are the need for planning consent from Dover District Council and Scheduled Monument Consent from the Secretary of State for Digital, Culture, Media and Sport (DCMS). Indicative timelines for securing these consents have been provided by the scheme promoter and evidence has been provided of positive discussions with both Dover District Council and Historic England (who will advise DCMS on the Scheduled Monument Consent application), however, neither application had been submitted at the time of writing this report. It is expected that both applications will be submitted during February 2022. It is anticipated that the planning application will be determined by Dover District Council within 8 weeks of validation, whilst the Scheduled Monument Consent application is expected to take approximately 52 days, although more complex applications can take up to 91 days for decision.
- 5.9. Given that the project cannot proceed to delivery until both consents outlined above have been secured, it is recommended that if GBF funding is awarded to support delivery of the project, that this is subject to receipt of confirmation that all required consents have been secured by 20 May 2022. If the required consents are not in place by this date, the Board will be provided with an update at the July 2022 Board meeting and will be asked to consider whether the GBF funding should remain allocated to the project.

## Getting Building Fund funding decisions and extension requests

- 5.10. In addition to the risks outlined above, a contractor to lead on the refurbishment of the Casements has not yet been appointed. It is expected that procurement will be carried out in early 2022. Until procurement has been undertaken, there remains a risk that costs will increase. This will not only impact on the deliverability of the project but may also reduce the Value for Money offered.
- 5.11. As outlined above, it is expected that the refurbishment works will be completed in Q2 2022/23, with the opening event expected to take place in Q3 2022/23. It is reported that GBF spend will extend into Q3 2022/23, which is beyond the official end of the GBF programme. As a result, award of GBF funding to the project will be subject to Board approval for retention of the GBF funding beyond March 2022.
- 5.12. Finally, as referenced at 3.6 in this report, Government approval for the inclusion of the project in the GBF programme is required.

### Outcome of the ITE assessment

- 5.13. The Strategic Case exhibits strong alignment with GBF objectives in terms of regenerating derelict historic assets for uses promoting economic growth and wider economic vitality in Dover. The phase funded by GBF is expected to create 17 FTE jobs. This will make best use of existing building space accelerating a Green Recovery from COVID-19.
- 5.14. The economic rationale for the scheme is based on employment benefits. Benefits are calculated using average GVA per FTE in Dover over a 10-year appraisal period. Adjusted benefits are also applied including a one-off heritage benefit quantified using cited academic methodology and Green Book values on the wellbeing impacts of participation in the arts. There are further non-quantified impacts including health and education benefits from arts participation and local job creation associated with events hosted at the site. Initial BCR is calculated at 3.65:1, with adjusted benefits this rises to 6.84:1. This assessment shows the scheme to fall within a “Very High” value for money categorisation.
- 5.15. Reasonable assumptions have been used to populate the business case. The main risk is centred around the need to receive planning permission and Scheduled Monument Consent approval. The scheme promoter has evidenced positive conversations with Dover District Council with regard to the required planning permission and has outlined an expected timeline for consideration of the Scheduled Monument Consent approval (as set out at section 5.8 above). Though both Dover District Council and Historic England support the scheme in principle, the unclear timescales on approvals constitute a moderate risk to delivering the scheme on time and to cost.
- 5.16. A request has been made by the scheme promoter that, if the scheme is approved for funding, spend can be extended beyond the 31 March 2022, which is the official end date of the GBF period. It is recommended that the Board consider the risk that the outstanding consents pose to certainty of deliverability before deciding whether to approve funding for the scheme.

### Compliance with conditions for retention of GBF funding beyond March 2022

- 5.17. The GBF funding forms the bulk of the funding package required to support delivery of the project. As outlined above, the project is unable to provide written confirmation that all planning requirements were met by 31 December 2021. There is a need for planning consent to be granted by Dover District Council before delivery of the project can commence. At the time of writing this report, whilst there have been positive conversations between the scheme promoter and Dover District Council, the planning application has not been submitted. It is anticipated that the planning application will be submitted during February 2022. It is expected that the planning application will be determined in 8 weeks from validation, meaning the required planning consent is not expected to be in place until at least April 2022.
- 5.18. In addition, it is also noted that contractual commitments will not be in place with the construction contractor by 31 January 2022, as required under the conditions agreed by the Board in July 2021. The scheme promoter is unable to appoint a contractor until award of the GBF funding has been confirmed and the required consents have been secured. In addition to the planning consent discussed above, Scheduled Monument Consent is also required prior to project delivery.
- 5.19. As procurement has not yet been undertaken there remains a significant risk of cost increases arising due to rising materials costs which have been widely reported across the SELEP capital programme.
- 5.20. When considering SELEP's position with regard to the retention of GBF funding against projects beyond 31 March 2022, the Board agreed that a maximum 6-month extension should be allowed. This decision was taken to ensure timely delivery of the GBF programme given the purpose of the funding as set by Government. As set out above, it is currently forecast that GBF spend on the project will extend beyond September 2022, into Q3 2022/23. This is not in line with the decision made by the Board regarding the maximum extension available.
- 5.21. It is recommended that if the Board approve the retention of GBF funding against the project beyond March 2022, that a further update is provided to the Board in April 2022 which primarily focusses on progress towards securing the required consents to enable the project to progress to delivery.

## **6. Seven Sisters Country Park Visitor Infrastructure Uplift, East Sussex**

### Project information

- 6.1. The South Downs National Park Authority took over responsibility for the Seven Sisters Country Park in Summer 2021 and are in the process of implementing a new Business Plan. Fundamental to this Business Plan is a comprehensive refresh of the visitor offer, including upgraded physical access, new toilets, retail space for local businesses and refurbishment of 3 dilapidated properties. The delivery of the project will allow the Seven Sisters Country Park to open 364 days a year, showcase products from local producers, signpost visitors to local businesses and attractions and provide an accessible welcome for visitors with a year-round events programme.



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6.2. Table 3 provides an overview of the project, with more detailed information presented in Appendix D.

6.3. *Table 3: Overview of the Seven Sisters Country Park Visitor Infrastructure Uplift project*

GBF Allocation: £200,000		Total Project Costs: £2,175,000	
<b><u>Whole project</u></b>		<b><u>Dependent on GBF funding</u></b>	
<ul style="list-style-type: none"> <li>• Create and Safeguard 14.3 FTE jobs</li> <li>• Create 1 x 1 bed flat for onsite warden</li> <li>• 2,000 learners assisted per annum</li> <li>• 233sqm high footfall retail space</li> <li>• 2 new superfast Broadband connection</li> <li>• 104 enterprises supported</li> <li>• Increase in average spend from 38p to £3.90 per visitor</li> </ul>		<ul style="list-style-type: none"> <li>• Create and Safeguard 6.5 FTE jobs</li> <li>• Create 1 x 1 bed flat for onsite warden</li> <li>• 131sqm high footfall retail space</li> <li>• 1 new superfast Broadband connection</li> <li>• 100 enterprises supported as a result of the GBF grant. (Through the new retail space)</li> <li>• GBF will contribute to the increase in visitor spend by adding additional retail space</li> <li>• GBF will add to the increased footfall by supporting the additional retail space</li> </ul>	

6.4. Construction of the wider package of works commenced in Summer 2021, and it is anticipated that the Visitor Centre will open to the public at Easter 2022 with the remaining works (the retail space and the refurbished cottages) expected to complete in September 2022.

6.5. A complete funding package is in place to enable delivery of the full package of works subject to approval of the GBF funding allocation at this meeting. It is expected that the GBF funding will be spent in full by 30 September 2022.

6.6. Table 4 below shows the breakdown of the funding package for this project (£m):

Breakdown of Funding (£m)			
Funding Source	2021/22	2022/23	Total
South Downs National Park Authority	1.700		<b>1.700</b>
Wolfson Foundation	0.070		<b>0.070</b>
Rampion Fund (via South Downs Trust)	0.025		<b>0.025</b>
Community Infrastructure Levy	0.080	0.100	<b>0.180</b>
Getting Building Fund	0.010	0.190	<b>0.200</b>
<b>Total</b>	<b>1.885</b>	<b>0.290</b>	<b>2.175</b>

Additionality offered by the GBF funding

- 6.7. A value engineering exercise has been undertaken which has resulted in some elements of the project being removed from the original scope to ensure the required cost savings could be achieved. The award of GBF funding will allow the South Downs National Park Authority to bring these elements back into the project. The GBF funding will enable the refurbishment and kit out of the pump barn, creating a multi-use retail, exhibition and event space.

Outstanding risks and conditions applied to the award of GBF funding

- 6.8. Whilst delivery of the wider improvements has commenced onsite, there remain a number of delivery risks which have the potential to impact on the programme and budget for the project. There remains a risk that COVID-19 impacts may result in an extended delivery programme either through loss of labour supply due to sickness or requirements to self-isolate or as a result of difficulties in obtaining required materials.
- 6.9. The GBF funded elements of the project are still subject to detailed design and procurement. As a consequence, there remains a significant risk of increased costs which may impact on the ability of the South Downs National Park Authority to deliver the full scope of works intended.
- 6.10. As referenced at 3.6 in this report, Government approval for the inclusion of the project in the GBF programme is required.
- 6.11. It is currently anticipated that the majority of the GBF funding will be spent in Q1 and Q2 2022/23, which is beyond the official end of the Getting Building Fund programme. As a result, award of GBF funding to the project will be subject to Board approval for retention of the GBF funding beyond March 2022.

Value for Money Exemption 1 as set out in the SELEP Assurance Framework

- 6.12. There is a requirement within the SELEP Assurance Framework for all projects to demonstrate a Benefit Cost Ratio (BCR) of at least 2:1 if funding is to be secured. However, 2 exemptions to this requirement are set out within the Assurance Framework.
- 6.13. If projects are to be considered for investment under Value for Money Exemption 1, all 5 of the following criteria must be met:
- 6.13.1. 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
  - 6.13.2. the funding sought from the SELEP Ltd is less than £2m; and
  - 6.13.3. to conduct further quantified and monetised economic appraisal would be disproportionate to the capital funding ask; and
  - 6.13.4. there is an overwhelming strategic case (with minimal risk in the other cases of the Business Case); and

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6.13.5. there are qualitative benefits which, if monetised, would most likely increase the Benefit Cost Ratio above 2:1.

6.14. The Seven Sisters Country Park visitor infrastructure uplift project has sought to apply this Value for Money Exemption and compliance with the above criteria has been considered by the ITE as part of their assessment as set out below.

### Outcome of ITE Assessment

6.15. The Strategic Case exhibits strong alignment with the GBF objectives. The scheme aims to address the unrealised potential of the visitor economy in Seven Sisters Country Park and the lack of a strong visitor offer. It will provide economic opportunities to local businesses by giving them a centralised retail space creating or safeguarding 6 FTE jobs. The scheme promotes the Green Recovery by improving access to areas of natural beauty and conserving historic farmstead. It will also enable future investment in the park by establishing new income streams, which will be important to safeguard the commercial viability of the Park for expansion post-COVID-19.

6.16. The scheme promoter has sought to apply the Value for Money Exemption; scheme value is well within this limit at £0.2m so this is judged to be proportionate. A robust qualitative justification for the scheme is provided in terms of evaluating benefits. A quantification of benefits is also provided:

6.16.1. 6.5 FTE jobs created and/or safeguarded

6.16.2. Accommodation for on-site warden

6.16.3. 131sqm of high footfall retail space supporting 100 enterprises

6.16.4. Supporting projected increase in average visitor spend from £0.38 to £3.90 (established by an independent Retail Report)

6.16.5. Supporting increase in visitor centre footfall from 65,000 to 100,000 in year 1 with further increases thereafter.

6.17. It is expected that if the scheme underwent full economic appraisal, it would represent High value for money.

6.18. Reasonable assumptions have been used to populate the business case. A reasonable and robust programme has been provided which demonstrates that spend of the Getting Building Fund funding and delivery of the scheme will likely be completed by the end of September 2022. Moreover, there is minimal risk in the other cases.

6.19. A request has been made by the scheme promoter that, if the scheme is approved funding, spend can be extended beyond 31 March 2022, which is the official end date of the GBF period. The Board is asked to consider the risk that a lack of full, monetised benefit cost analysis presents before determining whether to approve funding for the scheme.

### Compliance with conditions for retention of GBF funding beyond March 2022

## Getting Building Fund funding decisions and extension requests

- 6.20. The GBF funding is being used to support delivery of elements of the wider project which were previously descope due to the need to save costs. As a result, the GBF works are still subject to the completion of the technical design and procurement of a contractor meaning that it will not be possible to spend the full GBF allocation in advance of March 2022.
- 6.21. As outlined above (section 6.9), procurement has not yet been undertaken to appoint a contractor to deliver the GBF funded works and therefore contractual commitments will not be in place by 31 January 2022 as required by the Board. It is currently expected that the contractual commitments will be in place by May 2022.
- 6.22. As a construction contractor has not yet been appointed, there remains a significant risk of cost increases arising due to rising materials costs which have been widely reported across the LGF and GBF programmes.
- 6.23. It is recommended that if the Board approve the retention of GBF funding against the project beyond March 2022, that a further update is provided to the Board in April 2022 which primarily focusses on the contractual commitments and seeks confirmation that no further cost increases have been identified. If further cost increases are reported, the impact on the value for money offered by the project will need to be considered.

## 7. Options available to the Board

- 7.1. The Board are asked to consider the award of GBF funding to the two projects outlined within this report. The award of funding to these projects is intrinsically linked to the Board's position regarding whether the projects should be allowed to retain their GBF funding allocations beyond March 2022. This report sets out two options for the Board to consider in relation to each of the projects.

### Option 1:

- 7.1.1. **Agree** the award of GBF to the respective project, subject to Government approval of project inclusion within the GBF programme and confirmation of receipt of all outstanding consents including planning and Scheduled Monument Consent by 20 May 2022 (Techfort only) and agree that the GBF funding can be retained against the project beyond March 2022 for a maximum period of 6 months (9 months for Techfort), subject to Strategic Board endorsement in March 2022.
- 7.2. The Techfort project is seeking approval for retention of its GBF funding allocation for a period of 9 months. This is not in line with the criteria agreed by the Board in July 2021 and may present challenges, alongside the outstanding consents, when seeking Government approval for the addition of the Project to the GBF programme.
- 7.3. The Board have previously only agreed the retention of GBF funding beyond March 2022 for a period greater than 6 months, as an exception, when the delay was solely caused by the actions of a Central Government department. This rationale for granting an extension

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greater than 6 months cannot be applied in this case and justification for agreeing this extension will need to be agreed by the Board.

- 7.4. If the Board choose Option 1, the project(s) will continue to delivery in accordance with their Business Case(s). If the Board choose Option 1 for both projects outlined in this report, it will mean that there will be no further funding available to support projects on the prioritised GBF project pipeline at this time.
- 7.5. Government expectations at the outset of the GBF programme were that all funding should be spent and projects completed by 31 March 2022. The funding decisions set out within this report, and the associated requests for retention of the GBF funding beyond March 2022, are coming forward very late in the GBF programme. The Board should, therefore, be aware that there is an increasing likelihood that the projects may be unable to complete delivery and full spend of their GBF allocations by September 2022 (or December 2022 for Techfort) as set out within this report. This risk will be continuously monitored to determine whether any mitigating actions are required.
- 7.6. As indicated at the July 2021 Board meeting, Central Government have been unable to formally confirm their position with regard to GBF spend beyond 31 March 2022. Given the purpose of the GBF funding stream, Government have advised that the focus should firmly remain on delivery and full GBF spend by 31 March 2022 wherever possible.
- 7.7. The Grant Determination letter in relation to the 2021/22 GBF allocation has 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. Furthermore, the GBF Grant Offer letter indicates that there is an expectation for LEP's and their Accountable Bodies to use the freedoms and flexibilities available to them to manage the capital budget between programmes. However, 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 if GBF funding is not spent in full by 31 March 2022. 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.

### Option 2:

- 7.7.1. **Agree** that GBF funding should not be awarded to the respective project due to the risks presented by the outstanding consents (Techfort only) and the inability of the project to meet the criteria and conditions previously agreed by the Board for retention of the GBF funding beyond March 2022.
- 7.8. Given that this is the last scheduled Board meeting prior to the official end of the GBF programme, any decision by the Board to not award funding to either of the projects outlined in this report will mean that some of SELEP's GBF funding allocation will remain unallocated at the end of the GBF programme. This will likely have implications for SELEP's Annual Performance Review with Government as we will not be able to demonstrate that their expectations have been met.

- 7.9. However, the Board should also be aware that the addition of the projects outlined in this report to the GBF programme are subject to Government approval. Therefore, there remains a risk that if the Board deviate too far from Government's expectations when considering the decisions outlined in this report, that Government approval may not be forthcoming. Once again, meaning that the GBF funding will not be fully allocated at the end of March 2022.
- 7.10. Strategic Board agreed the GBF prioritised project pipeline in March 2021. It should be noted that, subject to Board decisions at this meeting, there is only one project remaining on the pipeline. The Braintree – Active Travel project was originally seeking GBF investment of £2.000m, however, there is currently only £0.291m available to support delivery of the Project as set out in this report considered under Agenda Item 8.
- 7.11. Confirmation will be sought from Essex County Council, as scheme promoter, as to whether there is a need for the remaining GBF funding included within the project pipeline and the level of additionality this would provide. If there is no further need for GBF investment in the Braintree project, alternative proposals for investment of any available GBF funding will be presented to Strategic Board for their consideration in March 2022.
- 7.12. The report does not identify the recommended option in relation to either of the projects outlined within this report. However, commentary as to how each of the projects meets the criteria and conditions agreed by the Board in July 2021 has been provided, alongside an explanation of any remaining risks to project delivery, to allow the Board to make informed decisions in each case.

## **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 received the first tranche of GBF for £42.5m from MHCLG in September 2020; this funding was transferred in full to Partner authorities to support delivery of the Projects. The second tranche of GBF for £42.5m was received from MHCLG in May 2021.
- 8.2. 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.
- 8.3. GBF is allocated through a grant determination from MHCLG (now renamed the Department for Levelling Up, Housing and Communities) via section 31 of the Local Government Act 2003; this is subject to the following condition:

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

- 8.4. The grant conditions do not impose an end date for use of the funding, albeit that it was the expectation of Government that all funding is defrayed by 31 March 2022.

## Getting Building Fund funding decisions and extension requests

- 8.5. SELEP have discussed the proposed approach regarding the retention of GBF funding beyond March 2022 with Government and it was confirmed that no additional governance or approvals would be required from Government in this respect.
- 8.6. All GBF will be transferred to the sponsoring authority under the terms of a Funding Agreement or SLA.
- 8.7. 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.
- 8.8. Should the Board approve the award of GBF as per the recommendations of this report at 2.1.1 and 2.2.1, 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.
- 8.9. 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 Agenda Item 8)
- 11.2. Appendix B – GBF funding awards
- 11.3. Appendix C – Techfort project Information
- 11.4. Appendix D – Seven Sisters Country Park Visitor Infrastructure Uplift project Information
- 11.5. Appendix E – Compliance with conditions for GBF spend beyond 31 March 2022

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

- 12.1. Techfort – project Business Case
- 12.2. Seven Sisters Country Park Visitor Infrastructure Uplift - project 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)**

<b>Role</b>	<b>Date</b>
<b>Accountable Body sign off</b> Stephanie Mitchener <b>(on behalf of Nicole Wood, S151 Officer, Essex County Council)</b>	03/02/2022



## Appendix B - Summary of GBF projects seeking funding approval

Name of Project	Sponsoring Upper Tier	S151 officer sign off received	VFM	Certainty	BCR	Total GBF - £
Techfort	Kent	No	High	Medium	6.84:1	1,009,000
Seven Sisters Country Park Visitor Infrastructure Uplift	East Sussex	Yes	High	Low/Medium	Value for Money Exemption applied	200,000
<b>Total GBF Recommended for Approval</b>						<b>1,209,000</b>

## Appendix C – Getting Building Fund Project Background Information

<b>Name of Project</b>	<b>Techfort</b>  Dover, Kent  Kent County Council
<b>Getting Building Fund value</b>	Total GBF allocation - £1,009,000
<b>Description of what Project delivers</b>	<p>The project seeks to renovate Casements in building numbers 51 and 52 in the Citadel which comprises 10,890 sq ft (1,1012 sqm) in total. These buildings are in poor condition and it is intended that urgent maintenance and upgrading is carried out to accommodate a unique mix of cultural uses including a gallery, market, recording studio and bar as the first step of delivering the ambitious Techfort vision.</p> <p>The development will kickstart further development of Techfort at the Citadel enabling the birth of a new cultural, arts and technology community that can contribute to Dover and Kent as well as making re-use of a range of dilapidated buildings and historical assets.</p> <p>The Casements form part of the Citadel which comprises 33 acres with 220,000 sq ft of existing space formed from several different portions of Western Heights area, including the Western Outworks to the western side of the site (western form) in the centre of the site and a small area of the Fortress Interior to the east of the gatehouse.</p>
<b>Need for Intervention</b>	<p>The Dover Citadel site is a significant heritage asset which is currently closed to the public and is subject to intrusion, graffiti, deterioration and ivy invasion. The site is an attractive proposition to potential private sector tenants however there is a material reticence in being first on a large redundant brownfield site and therefore the need to establish an anchor activity is essential to kickstart the redevelopment of the entire site. Delays in development will lead to increased cost of redevelopment due to further deterioration of the assets within the site.</p> <p>The development of the casemates and opening up the site to the public and potential investors will arrest the decline of an Ancient Monument currently 'At risk' and will enable the future use and economic benefit of the site for Dover and its residents.</p> <p>It is clear that without intervention, no suitable beneficial use will come forward in the short to medium term. The site has been redundant since the Government vacated it in 2015. A catalyst is required to kickstart the development at The Citadel and it is always the first step that is the most challenging for large and complex brownfield sites.</p>
<b>Project benefits</b>	Re-use of a Citadel as a unique historical asset to deliver local and national economic benefits and acting as a catalyst for the long term redevelopment.
	17 jobs
	10,890sqm of space available for a mix of creative businesses.
	Public access to 5 acres of site

Financial Information	Breakdown of Funding (£m)		
	Funding Source	2022/23	Total
	Dover Citadel Ltd	0.251	0.251
	Getting Building Fund	1.009	1.009
	Total	1.260	1.260
Project constraints and risks	Risk	Mitigation	
	Planning Permission	Regular consultation has been undertaken with Dover district Council and a planning application is expected to be submitted in Q1 2022	
	Scheduled Monument Consent (SMC)	Regular consultation has been undertaken with Historic England. However, the SMC application has not yet been submitted.	
	Highway permissions	Ongoing discussions with Kent County Council (Highway Authority)	
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
	Acquisition of Site		September 2020
	Key Stakeholder engagement and support		Ongoing
	Scope of Works – set out		Detailed spec January 2022
	Design Works		Complete January 2022
	Key reports undertaken (Highway assessment, heritage statement, ecology etc)		Complete
	Planning for Change of Use Consent		January 2022
	Getting Building Fund Application		Current, decision February 2022
	Refurbishment contract awarded		Intended Q1 2022
	Public launch of Hub		Q3 2022
	Refurbishment completed		Q3 2022
	Hub opens with an event		Q3/Q4 2022
Outcome of ITE Review	The project has been assessed as High value for money with a Medium certainty of achieving this.  For additional information, please refer to the Report of the Independent Technical Evaluator (as attached to Agenda Item 8).		
Evidenced compliance with Assurance Framework?	Yes, the project does meet the requirements of the SELEP Assurance Framework.		

<b>Link to Project webpage</b>	<a href="https://www.southeastle.com/project/techfort-at-the-citadel-dover/">https://www.southeastle.com/project/techfort-at-the-citadel-dover/</a>
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## Appendix D – Getting Building Fund Project Background Information

<b>Name of Project</b>	<b>Seven Sisters Country Park Visitor Infrastructure Uplift</b>  Eastbourne  East Sussex County Council
<b>Getting Building Fund value</b>	Total GBF allocation - £200,000
<b>Description of what Project delivers</b>	<p>Seven Sisters Country Park - 280ha of rolling chalk downland, iconic coastline and wetlands just outside Eastbourne - attracts over 500,000 visitors per year, yet is run-down, with a very limited engagement and retail offer. The barn used as a welcome point is typically closed from October - April (but has not opened since 2020) and has poor accessibility.</p> <p>South Downs National Park Authority took over responsibility for the Country Park in Summer 2021 and undertook a complete review before starting to implement a new Business Plan. This project represents a comprehensive refresh of the visitor offer, including upgraded physical and intellectual access, new toilets and 233 sqm of new retail space for local businesses. In addition, it will refurbish 3 dilapidated properties increasing the local tourism provision and providing on site accommodation for a Site Warden. Overall, this project will allow the Country Park to open 364 days per year, showcase products from local producers and makers, signpost visitors to local attractions and businesses and provide an accessible welcome for visitors with a year-round events programme. Income generated will be reinvested in the ongoing protection of this designated landscape within the South Downs National Park and in supporting a vibrant rural economy.</p>
<b>Need for Intervention</b>	<p>Despite its popularity, the Visitor Welcome at Seven Sisters has not, for many years, met the standards expected for an internationally recognised landscape. The Park has been in County Council ownership since 1971, but increasing visitor demands and tighter Council budgets mean it is now in dire need of investment to meet the needs of current visitors and to provide a marketable tourism proposition.</p> <p>An attractive, listed, former farmstead at Exceat, at the northern end of the Park serves as the main visitor arrival point, but buildings are dilapidated and most are now closed. A former threshing barn has acted as a visitor centre for many years, but is damp, dark and does not offer the facilities expected from a modern visitor centre, with a seasonal welcome desk, a few maps and a hotch-potch of information, some over 20 years old, set across split levels which makes half the barn difficult to access for anyone with restricted mobility. The centre did not open in 2020 (formerly open April-September only) and the small toilet block lacks any disabled access and is wholly inadequate for current visitor numbers.</p> <p>The need for this project has been identified in response to organisational, national and local drivers and local consultation.</p>

Project Benefits (dependent upon GBF investment)	Create 6.5 FTE jobs					
	Create 1 x 1 bed flat for onsite warden					
	131 sqm high footfall retail space					
	1 new superfast Broadband connection					
	100 enterprises supported					
	Contribution towards increasing footfall and increase in visitor spend through the provision of the new retail space.					
Financial Information		Breakdown of Funding (£m)				
		Funding Source	2021/22	2022/23		Total
		South Downs National Park Authority	1.700			1.700
		Wolfson Foundation	0.070			0.070
		Rampion Fund (via South Downs Trust)	0.025			0.025
		Community Infrastructure Levy	0.080	0.100		0.180
		Getting Building Fund	0.010	0.190		0.200
		Total	1.885	0.290		2.175
Project constraints and risks	Risk		Mitigation			
	Risk of COVID-19 lockdown causing delays to project delivery		Discuss with contractor early on the approach for delay with lockdown/ delay/costs			
	Difficulty obtaining materials due to COVID-19, supply chain and market demands		Identify early in the programme which materials might be on a long lead in. Contractor to regularly liaise with supply chain.			
	Construction costs significantly higher than expected due to volatile construction market		Detailed contractor discussions and contingency allowances. Use contract management for cost variations and scope change.			
	Delay in appointing contractors affect ability to complete works by end of September 2022		Early engagement with contractors and tender prior to funding award to ensure contractor ready for May 2022. Pump Barn isn't proposed to open until April 2023 so this would be unaffected.			
Options consideration	A list of five 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		Expected completion date			
	Design, Planning, Contractor Tendering		All Complete			
	Construction (original works)		March 2022			
	Handover		September 2022			
	Tendering and contractor Appointment Pump Barn & Foxhole Cottages (GBF Funded)		March – April 2022			
	Tendering and contractor appointment (Pump Barn & Foxhole Cottages (GBF Funded))		May 2022			

	Construction Pump Barn & Foxhole Cottages (GBF Funded)	June 2022
	Handover (Phase 2 Pump Barn and Foxhole Cottages funded by GBF)	September 2022
<b>Outcome of ITE Review</b>	<p>The project has been assessed as High value for money with a 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 8).</p>	
<b>Evidenced compliance with Assurance Framework?</b>	Yes, the project does meet the requirements of the SELEP Assurance Framework.	
<b>Link to Project webpage</b>	<a href="https://www.southeastlepp.com/project/seven-sisters-country-park-visitor-infrastructure-uplift/">https://www.southeastlepp.com/project/seven-sisters-country-park-visitor-infrastructure-uplift/</a>	

## Appendix E – Compliance with conditions for GBF spend beyond 31 March 2022

<b>Techfort</b>				
Extension requested: Up to 9 months				
Responsible Upper Tier Local Authority: Kent County Council				
Provision of a clear delivery plan with specific delivery milestones and completion date to be agreed by the Board				
The programme for the Project is as follows:				
Milestone		Expected date		
Submission of Planning Application		January/February 2022		
Submission of Scheduled Monument Consent application		January/February 2022		
Consideration of Planning Application		March/April 2022		
Consideration of Scheduled Monument Consent application		April/May 2022		
All required Consents in Place		No later than 20 May 2022		
Site Mobilisation/works commence		Q2 2022		
Project completion/Site opening		Q3/Q4 2022		
Confirmation that all funding sources identified to enable delivery of the Project are in place and provision of an updated GBF spend profile				
All funding sources identified to enable delivery of the Project are in place, other than the GBF funding which is subject to decision by the Board at this meeting.				
The spend profile for the Project is as follows (£):				
Funding Source	Q1 22/23	Q2 22/23	Q3 22/23	Total
GBF	126,125	630,625	252,250	1,009,000
Dover Citadel Ltd	251,417	0	0	251,417
Total	377,542	630,625	252,250	1,260,417
Written confirmation that all planning requirements will be met by 31 December 2021				
All planning requirements were not met by 31 December 2021.				
A planning application will be submitted to Dover District Council in January or February 2022, with determination expected in 8 weeks. In addition, Scheduled Monument Consent is required and it is expected that an application will be submitted to the Secretary of State for Digital, Culture, Media and Sport in January or February 2022. Most applications for Scheduled Monument Consent are decided within 52 days but more complex applications can take up to 91 days.				



Confirmation that contractual commitments will be in place with the construction contractor by 31 January 2022
<p>Contractual commitments will not be in place with the construction contractor by 31 January 2022.</p> <p>It will not be possible for construction contractors to be appointed until all required consents have been granted and receipt of the GBF funding allocation confirmed.</p>
Confirmation that the total project cost and the project benefits remain unchanged ensuring that the Project continues to offer High value for money
The Business Case demonstrates that the Project offers High value for money. If any changes to the total project cost are reported following procurement or if there are any changes to the expected project benefits, the Board will be made aware and an assessment will be made of the likely impact on the value for money offered by the Project.
Endorsement from Strategic Board that the funding should be retained against the Project beyond 31 March 2022
Subject to Board approval, Strategic Board endorsement will be sought in March 2022.

Seven Sisters Country Park Visitor Infrastructure Uplift Project			
Extension requested: 6 months			
Responsible Upper Tier Local Authority: East Sussex County Council			
Provision of a clear delivery plan with specific delivery milestones and completion date to be agreed by the Board			
The programme for the Project is as follows:			
Milestone	Expected date		
Start of wider project	Summer 2020		
Public consultation	Multiple events across 2020/21		
Detailed design	August 2020		
Full planning permission granted	September 2020		
Site Mobilisation/works commence	July 2021		
Project completion/Site opening	Visitor Centre open in April 2022 Full project completion in September 2022		
Confirmation that all funding sources identified to enable delivery of the Project are in place and provision of an updated GBF spend profile			
All funding sources identified to enable delivery of the Project are in place, other than the GBF funding which is subject to decision by the Board at this meeting.			
The GBF spend profile is as follows:			
Q4 21/22	Q1 22/23	Q2 22/23	Total
10,000	100,000	90,000	200,000
Written confirmation that all planning requirements will be met by 31 December 2021			
All planning requirements for the Project have been met. Full planning permission was granted in September 2020.			
Confirmation that contractual commitments will be in place with the construction contractor by 31 January 2022			
Contractual commitments with the construction contractor will not be in place by 31 January 2022.			
Procurement for the GBF funded works has not yet been completed. It is expected that the construction contract will be awarded in May 2022.			
Confirmation that the total project cost and the project benefits remain unchanged ensuring that the Project continues to offer High value for money			

The Project is being considered for funding award under Value for Money Exemption 1 as set out in the SELEP Assurance Framework. Whilst a full quantified value for money assessment has not been undertaken, it is anticipated that the project will offer High value for money. If any changes to the total project cost are reported following procurement or if there are any changes to the expected project benefits, the Board will be made aware and an assessment will be made of the likely impact on the value for money offered by the Project.

Endorsement from Strategic Board that the funding should be retained against the Project beyond 31 March 2022

Subject to Board approval, Strategic Board endorsement will be sought in March 2022

**Forward Plan reference number:** FP/AB/486 and FP/AB/492

<b>Report title:</b> Local Growth Fund Capital Programme Update	
<b>Report to:</b> Accountability Board	
<b>Report author:</b> Helen Dyer, SELEP Capital Programme Manager	
<b>Meeting date:</b> 11 February 2022	<b>For:</b> Decision
<b>Enquiries to:</b> <a href="mailto:helen.dyer@southeastlep.com">helen.dyer@southeastlep.com</a>	
<b>SELEP Partner Authority affected:</b> East Sussex, Essex, Kent, Medway, Thurrock and Southend	

## 1. Purpose of Report

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

## 2. Recommendations

- 2.1. The Board is asked to:
- 2.1.1. **Agree** the updated total planned LGF spend on project delivery in 2021/22 of £45.651m excluding DfT retained schemes and increasing to £62.364m including DfT retained schemes, as set out in Table 1 and Appendix A.
  - 2.1.2. **Note** the deliverability and risk assessment, as set out in Appendix D.
  - 2.1.3. **Agree** the spend of LGF beyond 30 September 2021 and the revised completion date for the Bexhill Creative Workspace project as set out in Section 7 of this report, subject to Strategic Board endorsement in March 2022.
  - 2.1.4. **Agree** the removal of the Maidstone East Station Access Improvements (West Kent LSTF) project from the LGF project pipeline.

## 3. Summary position

- 3.1. The £578.9m SELEP LGF allocation received from the Ministry of Housing Communities and Local Government (MHCLG) has been fully awarded to support delivery of projects.
- 3.2. In order to satisfy the commitment made to Government to secure the final tranche of LGF funding in 2020/21, and in accordance with decisions made by the Board, the majority of the remaining unspent LGF funding was transferred to Local Partners in March 2021. The remaining funding will be transferred to

Local Partners before the end of March 2022, subject to completion of any required legal agreements.

- 3.3 Delivery of the ongoing LGF projects and spend of the funding transferred to local partners at the end of 2020/21 will continue to be monitored until all projects have reached completion.

#### **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.
- 4.4. Furthermore, following the decision by the Board in September 2021 to reduce the LGF allocation to the A26 Tunbridge Wells Cycle and Junction Improvements Package by £623,389, additional LGF funding was awarded to the Kent and Medway Engineering, Design, Growth and Enterprise (EDGE) Hub, Mercury Rising and Southend Airport Business Park projects.

#### **5. Local Growth Fund spend position**

- 5.1. LGF spend in 2021/22 is now forecast to total £45.651m excluding DfT retained schemes and increasing to £62.364m including DfT retained schemes.
- 5.2. The 2021/22 spend forecast has been updated to reflect spend profile updates provided through the latest round of LGF quarterly reporting and demonstrates a reduction in forecast LGF spend in 2021/22 from £69.347m to £62.364m (including DfT retained schemes). This change is shown in Table 1 below.

***Table 1: Updated spend forecast 2021/22***

LGF (£m)				
	Planned LGF spend in 2021/22	Total forecast spend in 2021/22 (as reported in December 2021)	Variance (between planned and forecast spend)	% change in forecast LGF spend in 2021/22
East Sussex	11.923	11.116	-0.807	-6.8%
Essex	8.394	8.124	-0.270	-3.2%
Kent	15.483	13.683	-1.800	-11.6%
Medway	6.980	6.980	0.000	0.0%
Southend	6.488	5.393	-1.095	-16.9%
Thurrock	6.350	0.356	-5.993	-94.4%
Skills	0.000	0.000	0.000	0.0%
M20 Junction 10a	0.000	0.000	0.000	0.0%
LGF Sub-Total	55.616	45.651	-9.965	-17.9%
Retained	16.713	16.713	0.000	0.0%
Total Spend Forecast	72.329	62.364	-9.965	-13.8%

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

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

LGF (£m)					
	Actual LGF spend to end of 2020/21	LGF forecast spend 2021/22	LGF forecast spend 2022/23 onwards	Total	% LGF allocation spent by 31 March 2021
East Sussex	64.172	11.116	6.732	82.020	78.2%
Essex	89.639	8.124	16.228	113.991	78.6%
Kent	112.481	13.683	2.493	128.656	87.4%
Medway	25.460	6.980	0.000	32.440	78.5%
Southend	27.159	5.393	1.162	33.715	80.6%
Thurrock	29.491	0.356	5.993	35.840	82.3%
Skills	21.975	0.000	0.000	21.975	100.0%
M20 Junction 10a	19.700	0.000	0.000	19.700	100.0%
<b>Sub-total</b>	<b>390.076</b>	<b>45.651</b>	<b>32.608</b>	<b>468.335</b>	<b>83.3%</b>
DfT retained	93.887	16.713	0.000	110.600	84.9%
<b>Total spend forecast</b>	<b>483.963</b>	<b>62.364</b>	<b>32.608</b>	<b>578.935</b>	<b>83.6%</b>

5.4. Table 2 shows that 83.6% of the total LGF allocation (including DfT retained schemes) had been reported as spent by the end of March 2021. It is currently forecast that 66% of the remaining LGF funding (including DfT retained schemes) will be spent in 2021/22. This will continue to be monitored as we approach the end of the financial year.

5.5. As agreed by the Board, and in line with the commitment made to Government, the majority of the remaining LGF received from MHCLG was transferred to relevant local partners at the end of 2020/21 to support delivery

of approved projects beyond 31 March 2021, which represented the official end of the Growth Deal period. The only Government funding still held by Essex County Council, as the Accountable Body for SELEP, totalled £4.656m and represented the remaining balance against the A28 Sturry Link Road project.

- 5.6. At the November 2021 meeting, the Board agreed that this funding could be transferred to Kent County Council to support delivery of the Project on condition that all the required land acquisition was completed by 31 August 2023. The transfer of this funding has not yet been actioned due to the need to complete the required legal agreement to formalise the application of this condition to the funding award. The LGF Variation Agreement has now been completed and it is expected that the remaining funding will be transferred to Kent County Council prior to the end of March 2022. More information on this project can be found under Agenda Item 12.
- 5.7. Further to the decision by the Board in September 2021 to reduce the LGF allocation to the A26 Tunbridge Wells Cycle and Junction Improvements Package, the £623,389 removed from the Project was returned to the Accountable Body by Kent County Council. Of this funding, £300,517 is still held by the Accountable Body whilst the required variation agreements increasing the LGF allocation to the Mercury Rising and Southend Airport Business Park projects are completed. It is anticipated that this funding will be transferred to the relevant Local Partners prior to the end of March 2022.
- 5.8. Delivery of the ongoing LGF projects and spend of the funding transferred to local partners at the end of 2020/21 will continue to be monitored until all projects have reached completion.

## 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 3 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 Government 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 spend forecast beyond 31 September 2021.

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

**Table 3: Summary of LGF project risk**

Risk Score	Number of projects	LGF allocation to projects (£m)	LGF spend beyond 30 September 2021 (£m)
Low risk - 1	64	250.165	0.000
Low/Medium risk - 2	1	1.999	0.000
Medium risk - 3	20	124.942	17.076
Medium/high risk - 4	12	62.613	37.180
High risk - 5	9	139.218	23.690
Total	106	578.935	77.946

6.4. In total, £23.690m of LGF is currently forecast for spend on high-risk projects beyond September 2021. A summary of the 9 high risk projects is set out in Appendix E.

6.5. Updates on 6 of the high-risk projects are provided under Agenda Items 11, 12, 13, 15 and 16. In summary, the position regarding the other 3 high-risk projects is as follows:

6.5.1. A127 Fairglens Junction Improvements (DfT retained scheme) (total LGF allocation £15m) – 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. DfT have now indicated a requirement for additional obligations to have been met by Essex County Council before the funding decision will be taken. Essex County Council are working to meet these obligations as soon as possible. The Board will be regularly updated on the project as Essex County Council work towards securing approval from the Secretary of State for Transport.

6.5.2. A28 Chart Road, Kent (total LGF allocation £2.756m) – the Project remains on hold whilst waiting for the Chilmington developer to reach their planning obligation to provide funding for the Project, under the terms of the S106 agreement. This planning obligation will be reached once 400 homes have been occupied on the site. It was originally anticipated that the planning obligation would be reached in 2022 or 2023, however, the build out rate has been slower than anticipated so it is looking likely that the planning obligation will not be reached until 2023 or 2024. 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. A289 Four Elms Roundabout to Medway Tunnel (total LGF allocation £1.821m) – the LGF funding allocated to the Project has been spent in full progressing the design for the scheme, however, the improvements to the road will be delivered as part of Medway Council's New Routes to Good Growth (Future Hoo) Housing Infrastructure Fund (HIF) project. A second round of consultation on the proposals for the HIF project closed in mid-January, with plans for the project to be finalised in Spring/Summer 2022. In light of the current status of the HIF project, there remains a risk that LGF spend to date totalling £1.821m may become an abortive revenue cost which would require repayment to SELEP.

## **7. Local Growth Fund project delivery beyond September 2021**

- 7.1 In April 2020, the Strategic Board agreed to extend 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.
- 7.2 Based on the latest LGF reporting provided by local partners, 26 projects are currently forecasting LGF spend beyond 30 September 2021 totalling £62.0966m, as set out in Appendix C. 25 of these projects have been considered and approved for spend beyond 30 September 2021 by both the Board and Strategic Board.
- 7.3 The final project currently forecasting LGF spend beyond 30 September 2021 is the Bexhill Creative Workspace Project. The Project is forecasting spend of £0.369m beyond 30 September 2021.
- 7.4 The Board approved the award of £0.96m LGF to the Bexhill Creative Workspace project in September 2019. At that time, it was expected that construction of the Project would complete in May 2020, with a 6-month defect and snagging period to follow – resulting in final project completion in November 2020. Delivery of the Project has been delayed as a result of COVID-19 impacts on the delivery programme, which were exacerbated by poor weather conditions. These delays primarily impacted the first phase of the Project but resulted in a delayed start to second phase of works, which ultimately commenced onsite in Summer 2021. Delivery of the second phase of works was also slightly delayed due to complications in getting services to the site. However, construction of the project is now complete, and a period of snagging has commenced. It is expected that the remaining LGF funding will be claimed by the scheme promoter in January 2022.
- 7.5 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:

- 7.5.1 there is a clear delivery plan with specific delivery milestones and completion date has been agreed with the Board;
- 7.5.2 there is a direct link to the delivery of jobs, homes or improved skills levels within the SELEP area;
- 7.5.3 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;
- 7.5.4 endorsement from the SELEP Strategic Board that the funding should be retained against the project beyond the Growth Deal period; and
- 7.5.5 contractual commitments are in place with construction contractors by the end of the Growth Deal period for the delivery of the project.

7.6 Table 4 demonstrates how the Project meets these conditions.

**Table 4: Bexhill Creative Workspace project compliance with conditions for spend beyond 30 September 2021**

A clear delivery plan with specific delivery milestones and completion date
Construction of the project has now been completed and the building was handed over to Rother District Council in January 2022, however, there is an ongoing snagging period.
A direct link to the delivery of jobs, homes or improved skills levels within the SELEP area
There is a great demand in Bexhill from the creative industries for suitable workspace. The project seeks to meet this demand through the provision of 28 new artist studios.
In addition, the project team have worked closely with Bexhill College and there is the potential for students to relocate to the site.
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 in March 2022
Contractual commitments are in place with construction contractors by the end of the Growth Deal period for the delivery of the project
All required contractual commitments are in place and the project has already been delivered

7.7 The Board is asked to agree the spend of LGF funding beyond 30 September 2021 on the Bexhill Creative Workspace project, subject to endorsement by Strategic Board at their meeting on 18 March 2022.

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

## **8. Projects remaining on LGF pipeline**

- 8.1. 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. Subsequently, the next two projects on the pipeline – the Kent and Medway EDGE Hub and the Mercury Rising projects – received the additional funding requested following the cancellation of the Basildon Innovation Warehouse project and the reduction in LGF allocation to the A26 Tunbridge Wells Cycle and Junction Improvements Package. In addition, the Southend Airport Business Park project has received a small proportion of the additional LGF funding requested.
- 8.2. 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. If any further LGF funding becomes available, the award of this funding will be considered under Agenda Item 14.
- 8.3. Following a review of the LGF projects remaining on the pipeline, confirmation has been provided by Kent County Council that the Maidstone East Station Access Improvements (West Kent LSTF) project no longer requires the additional LGF funding requested. As a result, the Board are asked to agree the removal of the project from the LGF pipeline at this meeting. Strategic Board will be advised of the removal of the project from the pipeline at their meeting in March 2022.
- 8.4. It should be noted that clearly none of the projects remaining on the LGF pipeline will be able to spend any additional LGF funding awarded prior to the end of September 2021 and therefore the Board will be asked to consider whether the projects meet the conditions for LGF spend beyond September 2021 before awarding any available funding to support project delivery.
- 8.5. 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.
- 8.6. 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.

## **9. LGF Programme Risks**

- 9.1. In addition to project specific risks, Appendix F sets out the overall programme risks. The main risks include the impact of the COVID-19 pandemic 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. To assess this risk, SELEP is working with local partners to understand the potential impact of COVID-19 on the expected benefits to be realised through the LGF investment and to understand the impact on project costs which could also adversely affect the value for money offered. If required, revised forecast outcomes from the LGF programme will be brought forward for Board consideration.

## **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 only outstanding LGF funding due to be received from HM Government is in respect of the funding for the A127 Fairglen junction improvements project, which remains subject to final approval from the Secretary of State for Transport.
- 10.2. The Accountable Body continues to hold a balance of £4.656m LGF that is allocated to the Sturry Link Road project. Further to this £623,389 removed from the A26 Tunbridge Wells Cycle and Junction Improvements Package has been returned to the Accountable Body by Kent County Council. This funding was allocated to existing LGF projects from the pipeline at the November 2021 Board meeting. All funding held by the Accountable Body is subject to the necessary variation agreements being in place which should enable this funding to be transferred to the relevant Local Partners prior to the end of March 2022.
- 10.3. 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 in advance of need were to be used as an 'Option 4' capital swap (whereby funding can be applied against the partner Council's wider Capital programme provided the equivalent funding is recycled back to LGF delivery in future years) or to be held as a ringfenced grant by the respective Local Authorities.
- 10.4. With the remaining balance of LGF for each project now transferred in advance to the Local Authorities (with the exception of the amounts noted in 10.2), 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.
- 10.5. 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. This is managed through a Service Level

Agreement (SLA) that is in place with each Partner Authority and sets out the conditions of the grant.

- 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.

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

- 11.1. The grant funding will be administered in accordance with the terms of the Grant Determination Letter between the Accountable Body and Central Government and required to be used in accordance with the terms of the Service Level Agreements between the Accountable Body and the Partner Authorities.
- 11.2. It is an expectation that the Partner Authorities mirror the terms of the SLA within its funding agreements with the delivery partners.
- 11.3. 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.

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

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

## **13. List of Appendices**

- 13.1. Appendix A – LGF spend forecast update

13.2. Appendix B – LGF pipeline, agreed by the Strategic Board in Dec 2020

13.3. Appendix C – Projects spending LGF beyond 30 September 2021

13.4. Appendix D – Project deliverability and risk update

13.5. Appendix E – High Risk Projects

13.6. Appendix F – LGF Programme Risks

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

<b>Role</b>	<b>Date</b>
<b>Accountable Body sign off</b>  Stephanie Mitchener  (On behalf of Nicole Wood, S151 Officer, Essex County Council)	  03/02/2022

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
<b>East Sussex</b>												
LGF00002	Newhaven Flood Defences	East Sussex	0.300	0.800	0.400	0.000	0.000	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	0.276	0.270	0.000	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	0.482	1.870	0.000	6.600
LGF00036	Queensway Gateway Road	East Sussex	1.419	1.121	5.000	0.890	1.066	0.504	0.000	0.000	0.000	10.000
LGF00066	Swallow Business Park, Hailsham (A22/A27 Growth Corridor)	East Sussex	0.505	0.895	0.000	0.000	0.000	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	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	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	1.571	3.819	0.000	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	1.544	0.772	0.000	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	0.000	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	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	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	0.000	0.000	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	0.000	0.000	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	0.000	0.000	0.500
LGF00116	Bexhill Creative Workspace	East Sussex	0.000	0.000	0.000	0.000	0.014	0.577	0.369	0.000	0.000	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	0.000	0.000	1.440
<b>Essex</b>												
LGF00004	Colchester Broadband Infrastructure	Essex	0.200	0.000	0.000	0.000	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	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	0.000	0.000	0.000	5.000
LGF00027	Colchester Town Centre	Essex	0.955	2.574	1.071	0.000	0.000	0.000	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	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	0.000	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	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	0.000	0.000	0.000	3.000
LGF00034	Basildon Integrated Transport Package	Essex	1.633	0.000	0.000	0.750	4.203	0.000	0.000	0.000	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	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	0.000	0.000	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	0.000	0.000	0.000	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	0.000	0.000	0.000	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	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	0.000	0.000	0.000	0.667
LGF00095	Gilden Way Upgrading, Harlow	Essex	0.000	0.000	5.000	0.000	0.000	0.000	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	0.000	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	0.000	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	0.000	0.000	0.000	5.000
LGF00102	A127/A130 Fairglens Interchange new link road	Essex	0.000	0.000	0.000	1.700	0.176	4.359	0.000	0.000	0.000	6.235
LGF00103	M11 Junction 8 Improvements	Essex	0.000	0.000	0.000	1.800	0.439	0.161	0.334	1.000	0.000	3.734
LGF00105	Mercury Rising Theatre	Essex	0.000	0.000	0.000	0.000	1.000	0.000	0.000	0.228	0.000	1.228
LGF00111	Basildon Digital Technologies Campus	Essex	0.000	0.000	0.000	0.000	0.000	2.150	0.000	0.000	0.000	2.150
LGF00112	Colchester Institute training centre (Groundworks and scaffolding)	Essex	0.000	0.000	0.000	0.000	0.000	0.050	0.000	0.000	0.000	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	0.000	0.000	0.900
LGF00114	Flightpath Phase 2	Essex	0.000	0.000	0.000	0.000	0.782	0.640	0.560	0.000	0.000	1.982
LGF00118	Basildon Innovation Warehouse (removed from programme)	Essex	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	3.000	2.000	0.000	5.000
LGF00125	New Construction Centre, Chelmsford	Essex	0.000	0.000	0.000	0.000	0.000	0.000	1.295	0.000	0.000	1.295
LGF00127	Colchester Grow on Space	Essex	0.000	0.000	0.000	0.000	0.000	0.000	2.777	1.000	0.000	3.777
<b>Kent</b>												
LGF00003	I3 Innovation Investment Loan Scheme	Kent	0.000	0.389	2.950	0.941	1.360	0.361	0.000	0.000	0.000	6.000
LGF00006	Tonbridge Town Centre Regeneration	Kent	1.833	0.799	0.000	0.000	0.000	0.000	0.000	0.000	0.000	2.631
LGF00007	Sittingbourne Town Centre Regeneration	Kent	0.345	2.155	0.001	0.000	0.000	0.000	0.000	0.000	0.000	2.500
LGF00008	M20 Junction 4 Eastern Overbridge	Kent	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	2.200

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
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	0.000	0.000	0.000	1.177
LGF00010	Kent Thameside LSTF	Kent	2.051	0.480	0.720	0.252	0.286	0.711	0.000	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	0.000	0.000	4.600
LGF00012	Kent Strategic Congestion Management Programme	Kent	0.863	0.687	0.604	0.236	0.389	1.921	0.100	0.000	0.000	4.800
LGF00013	Middle Deal transport improvements	Kent	0.000	0.800	0.000	0.000	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	0.000	0.000	1.000
LGF00015	Kent Sustainable Interventions Programme	Kent	0.143	0.406	0.529	0.394	0.245	1.010	0.000	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 Seafront : onsite infrastructure and engineering works	Kent	0.533	0.008	0.000	0.000	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	0.000	0.000	2.756
LGF00039	Maidstone Integrated Transport	Kent	0.000	0.265	1.114	0.668	1.517	2.966	0.200	1.100	1.070	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	0.000	0.000	4.200
LGF00054	A28 Sturry Rd Integrated Transport Package (removed from programme)	Kent	0.022	0.005	0.056	0.000	-0.084	0.000				0.000
LGF00055	Maidstone Sustainable Access to Employment	Kent	0.131	1.869	0.000	0.000	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	0.230	0.000	0.000	0.000	7.887
LGF00041	Thanet Parkway	Kent	0.000	0.000	0.000	0.000	0.000	9.275	4.725	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	0.000	0.000	5.000
LGF00060	Westenhanger Lorry Park (removed from Programme)	Kent										0.000
LGF00062	Folkestone Seafront (non-transport)	Kent	0.000	1.967	3.033	0.000	0.000	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	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	0.000	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	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
LGF00092	A2500 Lower Road	Kent	0.000	0.000	0.299	0.966	0.000	0.000	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	0.323	0.000	7.344
LGF00096	A2 off-slip at Wincheap, Canterbury (removed from programme)	Kent	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
LGF00094	Leigh Flood Storage Area	Kent	0.000	0.000	0.000	0.964	0.829	0.506	0.051	0.000	0.000	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	Kent	0.000	0.000	0.000	0.000	4.000	4.000	1.000	0.000	0.000	9.000
LGF00126	East Malling Advanced Technology Horticultural Zone	Kent	0.000	0.000	0.000	0.000	0.000	1.684	0.315	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	0.000	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	0.000	0.000	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	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	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	0.000	0.000	2.200
LGF00061	Rochester Airport - phase 1	Medway	0.000	0.179	0.182	0.104	0.412	2.117	1.406	0.000	0.000	4.400
LGF00089	IPM (Rochester Airport - phase 2)	Medway	0.000	0.000	0.000	0.099	0.471	0.567	2.563	0.000	0.000	3.700
LGF00091	Strood Civic Centre - flood mitigation	Medway	0.000	0.000	1.122	2.378	0.000	0.000	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	0.000	0.000	1.519
Southend												
LGF00005	Southend Growth Hub	Southend	0.018	0.702	0.000	0.000	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	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	1.822	0.068	0.000	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	0.073	0.000	23.163
LGF00115	Southend Town Centre	Southend	0.000	0.000	0.000	0.000	0.000	0.073	0.530	1.022	0.000	1.625
	A127 Essential Maintenance - additional LGF	Southend	0.000	0.000	0.000	0.000	0.000	0.000	0.207	0.000	0.000	0.207
Thurrock												
LGF00030	TGSE LSTF - Thurrock	Thurrock	0.569	0.162	-0.015	0.160	0.125	0.000	0.000	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	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	0.000	0.000	7.500
LGF00052	A13 Widening - development	Thurrock	0.000	2.708	0.000	2.292	0.000	0.000	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	0.000	0.000	5.000
LGF00104	Grays South	Thurrock	0.000	0.000	0.000	0.000	3.659	0.831	0.356	5.993	0.000	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	0.000	0.000
	A13 widening - additional funding	Thurrock	0.000	0.000	0.000	0.000	0.000	1.500	0.000	0.000	0.000	1.500
Managed Centrally												



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
LGF00001	Skills		9.923	11.980	0.071	0.000	0.000	0.000	0.000	0.000	0.000	21.975
LGF00071	M20 Junction 10a		0.000	0.000	8.300	11.400	0.000	0.000	0.000	0.000	0.000	19.700
<b>Sub-total</b>			<b>54.563</b>	<b>70.405</b>	<b>78.983</b>	<b>73.778</b>	<b>63.029</b>	<b>49.319</b>	<b>45.651</b>	<b>19.539</b>	<b>13.070</b>	<b>468.335</b>
Provisional Funding Allocation from MHCLG			69.450	82.270	92.088	91.739	54.915	77.873				468.33536900
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						57.819						
Forecast LGF slippage 2019/20 to 2020/21							49.705					
Forecast LGF slippage 2020/21 to 2021/22								78.259				
<b>DfT retained schemes</b>												
LGF00079	A127 Fairglens Junction Improvements	Essex	0.000	0.000	0.000	0.000	1.500	0.000	13.500	0.000	0.000	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	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	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	0.000	0.000	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	0.000	0.000	8.000
LGF00084	A13 Widening	Thurrock	0.000	0.000	13.408	11.507	33.002	17.083	0.000	0.000	0.000	75.000
<b>Sub-total retained schemes</b>			<b>1.413</b>	<b>6.165</b>	<b>15.130</b>	<b>12.303</b>	<b>35.625</b>	<b>23.250</b>	<b>16.713</b>	<b>0.000</b>	<b>0.000</b>	<b>110.600</b>
Provisional Funding Allocation from DfT			1.500	7.500	29.704	3.474	47.822	7.100	13.500			110.600

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

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

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

## Appendix C - Projects spending LGF beyond 30 September 2021

SELEP number	Project Name	Promoter	LGF allocation (£m)	LGF spend beyond 30 September 2021 (£m)	% LGF spend beyond 30 September 2021	Expected project completion date
LGF00023	Hailsham/Polegate/Eastbourne Movement and Access Transport scheme	East Sussex	2.1000	0.5165	24.6%	Mar-23
LGF00024	Eastbourne and South Wealden Walking and Cycling LSTF package	East Sussex	6.6000	2.2823	34.6%	Mar-23
LGF00042	Hastings and Bexhill Movement and Access Package	East Sussex	9.0000	5.0699	56.3%	Mar-23
LGF00044	Eastbourne town centre LSTF access & improvement package	East Sussex	8.0000	2.2600	28.2%	Sep-22
LGF00108	Bexhill Enterprise Park North	East Sussex	1.9400	1.9400	100.0%	Mar-22
LGF00109	Skills for Rural Businesses Post-Brexit	East Sussex	4.4130	3.0764	69.7%	Nov-22
LGF00116	Bexhill Creative Workspace	East Sussex	0.9600	0.3686	38.4%	Jan-22
LGF00124	Eastbourne Fisherman	East Sussex	1.4400	0.9336	64.8%	Mar-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%	Dec-22
LGF00105	Mercury Rising	Essex	1.2280	0.2280	18.6%	Mar-22
LGF00119	University of Essex Parkside (Phase 3)	Essex	5.0000	5.0000	100.0%	Mar-23
LGF00125	New Construction Centre, Chelmsford College	Essex	1.2952	1.1601	89.6%	Feb-22
LGF00127	Colchester Grow on Space	Essex	3.7775	3.5721	94.6%	Aug-22
LGF00039	Maidstone Integrated Transport	Kent	8.9000	2.3698	26.6%	Jun-24
LGF00040	A28 Sturry Link Road	Kent	5.9000	1.7109	29.0%	Jun-25
LGF00041	Thanet Parkway	Kent	14.0000	2.7250	19.5%	Dec-22
LGF00093	Kent and Medway EDGE Hub	Kent	7.3440	1.2240	16.7%	Mar-22
LGF00019	Strood Town Centre Journey Time and Accessibility Enhancements	Medway	8.6000	0.2440	2.8%	Mar-22
LGF00022	Medway City Estate Connectivity Improvement Measures	Medway	2.2000	1.3576	61.7%	Mar-22
LGF00089	IPM (Rochester Airport - Phase 2)	Medway	3.7000	2.1906	59.2%	Nov-22
LGF00115	IPM2 (Rochester Airport - Phase 3)	Medway	1.5185	0.9165	60.4%	Nov-22
LGF00045	Southend Central Area Action Plan (SCAAP)	Southend	7.0000	1.3485	19.3%	Jan-22
LGF00057	London Southend Airport Business Park	Southend	23.1625	0.9551	4.1%	Jun-22
LGF00115	Southend Town Centre	Southend	1.6250	1.4264	87.8%	Jan-24
LGF00104	Grays South	Thurrock	10.8403	6.1093	56.4%	Sep-24

Appendix D - Local Growth Fund Delivery and Risk														
Project	Accountability Board approval	Delivery Status	Deliverability						LGF allocation	Financial			Reputational risk RAG (December 2021)	Overall RAG rating (December 2021)
			Expected completion date (as stated in Business Case)	Expected completion date (October 2021)	Expected completion date (December 2021)	Months delay incurred (since original Business Case)	Months delay incurred (since last update)	Deliverability RAG rating (December 2021)		LGF spend to end of September 2021	LGF spend beyond September 2021	Financials RAG rating (December 2021)		
East Sussex														
Newhaven Flood Defences	Jun-15	LGF project delivered	01/02/2020	30/09/2021	30/09/2021	19	0	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	31/03/2023	31/03/2023	36	0	5	£2,100,000	£1,583,502	£516,498	2	3	3
Eastbourne and South Wealden Walking and Cycling LSTF package	Nov-15 and Feb-19	Construction in progress	01/03/2021	31/03/2023	31/03/2023	24	0	5	£6,600,000	£4,317,663	£2,282,337	3	3	4
Queensway Gateway Road	Mar-15	Construction in progress	01/03/2016	TBC				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	31/03/2023	31/03/2023	24	0	5	£9,000,000	£3,930,070	£5,069,930	4	3	4
Eastbourne Town Centre LSTF access and improvement package	Apr-16 and Feb-19	Construction in progress	01/03/2021	30/09/2022	30/09/2022	18	0	5	£8,000,000	£5,740,008	£2,259,992	2	3	3
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	31/03/2020	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	15/11/2019	15/11/2019	0	0	1	£5,000,000	£5,000,000	£0	1	1	1
Bexhill Enterprise Park North	Jun-19	Construction in progress	01/03/2020	31/03/2022	31/03/2022	24	0	5	£1,940,000	£0	£1,940,000	4	4	4
Skills for Rural Businesses Post-Brexit (Plumpton College)	Jun-19 and Feb-21	Construction in progress	01/03/2021	30/11/2022	30/11/2022	20	0	5	£4,413,000	£1,336,570	£3,076,430	3	2	3
Churchfields Business Centre (previously known as Sidney Little Road Business Incubator Hub)	Jun-19	Construction in progress	01/03/2021	31/07/2022	31/07/2022	16	0	5	£500,000	£500,000	£0	1	2	3
Bexhill Creative Workspace	Sep-19	Construction in progress	01/05/2020	30/09/2021	31/01/2022	20	4	5	£960,000	£591,357	£368,643	2	2	3
Eastbourne Fisherman's Quayside and Infrastructure Development project	Jul-20 and Feb-21	Construction in progress	01/07/2021	31/03/2022	31/03/2022	8	0	4	£1,440,000	£506,358	£933,642	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 Fairglen junction improvements	Pending	Approval pending	01/09/2022	01/04/2024	01/04/2024	19	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	30/06/2020	30/06/2020	3	0	1	£2,740,000	£2,740,000	£0	1	1	1
Chelmsford City Growth Area Scheme	Dec-17	LGF project delivered	01/03/2021	30/09/2021	30/09/2021	6	0	1	£10,000,000	£10,000,000	£0	1	1	1
Beaulieu Park Railway Station	Feb-19	Design in progress	01/03/2024	01/12/2025	01/12/2025	21	0	5	£12,000,000	£0	£12,000,000	5	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

Appendix D - Local Growth Fund Delivery and Risk														
Project	Accountability Board approval	Delivery Status	Deliverability						Financial				Reputational risk RAG (December 2021)	Overall RAG rating (December 2021)
			Expected completion date (as stated in Business Case)	Expected completion date (October 2021)	Expected completion date (December 2021)	Months delay incurred (since original Business Case)	Months delay incurred (since last update)	Deliverability RAG rating (December 2021)	LGF allocation	LGF spend to end of September 2021	LGF spend beyond September 2021	Financials RAG rating (December 2021)		
Gilden Way upgrading	Dec-17	LGF project delivered	01/03/2021	30/09/2021	30/09/2021	6	0	1	£5,000,000	£5,000,000	£0	1	1	1
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	26/04/2019	26/04/2019	3	0	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	01/04/2024	01/04/2024	24	0	5	£6,235,000	£6,235,000	£0	1	3	3
M11 junction 8 improvements	Nov-17 and Mar-21	Construction in progress	01/03/2021	31/12/2022	31/12/2022	21	0	5	£3,733,896	£2,622,597	£1,111,299	3	4	4
Mercury Rising Theatre	Nov-17 and Sep-21	Construction in progress	01/03/2020	31/03/2022	31/03/2022	24	0	5	£1,228,000	£1,000,000	£228,000	2	1	3
Basildon Digital Technologies Campus	Jun-19	LGF project delivered	01/09/2020	01/09/2021	01/09/2021	12	0	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	31/03/2021	31/03/2021	14	0	1	£50,000	£50,000	£0	1	1	1
USP College Centre of Excellence for Digital Technologies and Immersive Learning , Benfleet	Jun-19	LGF project delivered	01/09/2020	30/09/2021	30/09/2021	12	0	1	£900,000	£900,000	£0	1	1	1
Flightpath Phase 2	Jun-19 and Feb-21	LGF project delivered	30/09/2020	30/09/2021	30/09/2021	12	0	1	£1,981,500	£1,981,500	£0	1	1	1
University of Essex Parkside (Phase 3)	Feb-20	Design in progress	31/03/2021	31/03/2023	31/03/2023	24	0	5	£5,000,000	£0	£5,000,000	5	3	4
New Construction Centre, Chelmsford College	Jul-20	Construction in progress	01/09/2021	01/02/2022	01/02/2022	5	0	4	£1,295,200	£135,100	£1,160,100	5	3	4
Colchester Grow on Space, Queen Street	Feb-21	Design in progress	30/07/2022	31/08/2022	31/08/2022	1	0	2	£3,777,451	£205,391	£3,572,060	5	2	3
<b>Kent</b>														
I3 Innovation Project (formerly referred to as the Kent and Medway Growth Hub)	Nov-15	LGF project delivered	01/03/2021	01/06/2021	01/06/2021	3	0	1	£6,000,000	£6,000,000	£0	1	1	1
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	31/03/2021	31/03/2021	54	0	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	LGF project delivered	01/09/2019	31/03/2019	31/03/2019	0	0	1	£1,176,611	£1,176,611	£0	1	1	1
Kent Thameside LSTF	Mar-15	LGF project delivered	31/03/2021	01/08/2021	01/08/2021	4	0	1	£4,500,000	£4,500,000	£0	1	1	1
Maidstone Gyratory 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	31/10/2021	31/03/2022	12	5	5	£4,800,000	£4,800,000	£0	1	2	3
Middle Deal transport improvements	Feb-16	LGF project delivered	01/12/2016	30/09/2021	30/09/2021	57	0	1	£800,000	£800,000	£0	1	1	1
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	£2,727,586	£0	1	1	1
West Kent LSTF	Apr-16	LGF project delivered	31/03/2021	30/09/2021	30/09/2021	5	0	1	£4,900,000	£4,900,000	£0	1	1	1
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				5	£2,756,283	£2,756,283	£0	5	4	5

Appendix D - Local Growth Fund Delivery and Risk														
Project	Accountability Board approval	Delivery Status	Deliverability						Financial					Overall RAG rating (December 2021)
			Expected completion date (as stated in Business Case)	Expected completion date (October 2021)	Expected completion date (December 2021)	Months delay incurred (since original Business Case)	Months delay incurred (since last update)	Deliverability RAG rating (December 2021)	LGF allocation	LGF spend to end of September 2021	LGF spend beyond September 2021	Financials RAG rating (December 2021)	Reputational risk RAG (December 2021)	
Maidstone Integrated Transport Package	Nov-15 and Jun-18	Design in progress	01/02/2020	01/09/2024	30/06/2024	52	0	5	£8,900,000	£6,530,187	£2,369,813	4	5	5
A28 Sturry Link Road	Jun-16	Design in progress	01/10/2021	30/06/2025	30/06/2025	44	0	5	£5,900,000	£4,189,051	£1,710,949	5	4	5
Rathmore Road	Nov-15	LGF project delivered	01/11/2017	01/01/2018	01/02/2018	3	1	1	£4,200,000	£4,200,000	£0	1	1	1
Maidstone Sustainable Access to Employment	Nov-15	LGF project delivered	01/03/2016	01/06/2017	01/06/2017	15	0	1	£2,000,000	£2,000,000	£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	1	£7,886,830	£7,886,830	£0	1	1	1
Thanet Parkway	Apr-19	Construction in progress	01/12/2021	31/12/2022	31/12/2022	12	0	5	£14,000,000	£11,275,000	£2,725,000	2	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 Seafrost (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	31/03/2022	31/12/2022	21	9	5	£4,300,000	£4,300,000	£0	1	3	3
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, Mar-21 and Sep 21	Construction in progress	31/08/2020	31/03/2022	31/03/2022	19	0	5	£7,344,000	£6,120,000	£1,224,000	2	1	3
Leigh Flood Storage Area and East Peckham - unlocking growth	Sep-18	Design in progress	01/07/2023	01/07/2023	01/07/2023	0	0	1	£2,349,000	£2,349,000	£0	1	2	1
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	Construction in progress	01/01/2023	31/12/2025	31/12/2024	23	0	5	£1,600,000	£1,600,000	£0	1	4	3
Kent and Medway Medical School	Nov-19, Jul-20 and Feb-21	LGF project delivered	01/09/2020	30/06/2021	30/06/2021	9	0	1	£9,000,000	£9,000,000	£0	1	1	1
East Malling Advanced Technology Horticultural Zone	Jun-20 and Feb-21	Construction in progress	01/07/2021	31/03/2022	31/03/2022	8	0	4	£1,998,600	£1,998,600	£0	1	2	2
<b>Medway</b>														
A289 Four Elms roundabout to Medway Tunnel	Mar-15	Design in progress	31/12/2020	31/03/2024	31/03/2024	39	0	5	£1,821,046	£1,821,046	£0	5	5	5
Strood Town Centre	Mar-15	Construction in progress	30/06/2018	31/12/2021	31/03/2022	45	3	5	£8,600,000	£8,355,993	£244,007	2	3	3
Chatham Town Centre	Mar-15	LGF project delivered	31/07/2017	01/12/2019	01/12/2019	28	0	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	Construction in progress	31/03/2021	31/03/2022	31/03/2022	12	0	5	£2,200,000	£842,443	£1,357,557	3	4	4
Rochester Airport - phase 1	Jun-16	LGF project delivered	31/03/2018	30/11/2021	30/11/2021	43	0	1	£4,400,000	£4,400,000	£0	1	1	1
Innovation Park Medway (phase 2)	Feb-19	Design in progress	31/12/2020	30/11/2022	30/11/2022	22	0	5	£3,700,000	£1,509,394	£2,190,606	4	4	4
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	30/11/2022	30/11/2022	10	0	4	£1,518,500	£601,958	£916,542	4	4	4
<b>Southend</b>														
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	31/03/2022	31/03/2022	12	0	5	£4,300,000	£2,871,196	£1,428,804	2	2	3
A127 Essential Bridge and Highway Maintenance	Sep-16, Nov-18 and Feb-19 and Feb 2021	LGF project delivered	31/03/2021	31/03/2022	26/08/2021	4	0	4	£8,207,000	£7,286,624	£920,376	2	2	3
Southend Central Area Action Plan	Jun-16, Sep-17 and Feb-19	Construction in progress	31/03/2021	31/12/2021	31/01/2022	10	1	4	£7,000,000	£5,651,508	£1,348,492	2	2	3
London Southend Airport Business Park	Feb-16, Sep-17, Sep-18 and Sep-21	Construction in progress	31/03/2021	30/06/2022	30/06/2022	14	0	5	£23,162,517	£22,207,454	£955,063	2	2	3
Southend Town Centre Interventions	Jul-20 and Feb-21	Design in progress	01/03/2021	31/01/2024	31/01/2024	34	0	5	£1,625,000	£198,622	£1,426,378	5	2	4
<b>Thurrock</b>														

Appendix D - Local Growth Fund Delivery and Risk														
Project	Deliverability								Financial				Reputational risk RAG (December 2021)	Overall RAG rating (December 2021)
	Accountability Board approval	Delivery Status	Expected completion date (as stated in Business Case)	Expected completion date (October 2021)	Expected completion date (December 2021)	Months delay incurred (since original Business Case)	Months delay incurred (since last update)	Deliverability RAG rating (December 2021)	LGF allocation	LGF spend to end of September 2021	LGF spend beyond September 2021	Financials RAG rating (December 2021)		
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	Design in progress	31/12/2018	31/07/2024	31/07/2024	67	0	5	£7,500,000	£7,500,000	£0	5	4	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	01/09/2027	31/12/2030	31/12/2030	39	0	5	£5,000,000	£5,000,000	£0	1	3	3
Grays South	Feb-19	Design in progress	01/07/2022	31/08/2024	30/09/2024	26	0	5	£10,840,274	£4,730,997	£6,109,277	5	4	5
A13 widening	Apr-17, Jul-20 and Mar-21	Construction in progress	31/12/2019	31/03/2022	31/03/2022	27	0	5	£76,500,000	£76,500,000	£0	5	5	5
<b>Managed Centrally</b>														
Capital Skills	Mar-15	LGF project delivered	31/03/2017	31/03/2017	31/03/2017	0	0	1	£21,974,561	£21,974,561	£0	4	4	3
M20 Junction 10a	Feb-17	LGF project delivered	31/09/2020	31/12/2019	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 30 September 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		10.00	100%	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 an update on the Project, under Agenda Item 15.
A127 Fairglens Junction Improvements, Essex		15.00	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.
A28 Chart Road, Kent		2.76	100%	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		8.90	73.4%	Complex programme of interventions with consent required for specific interventions within the programme.	Work is ongoing to secure the remaining outstanding consent. An update on the Project is provided under Agenda Item 13.
A28 Sturry Link Road, Kent		5.90	71.0%	Acquisition of land from a number of land owners required to enable delivery of the project.	Following award of planning permission in September 2021, negotiations have recommenced with land owners. An update on the Project is provided under Agenda Item 12.
A289 Four Elms roundabout to Medway Tunnel		1.82	100%	LGF funding spent in full progressing design for the scheme. Delivery of the works to be funded through the HIF funding secured by Medway Council. HIF funded works are still at consultation stage and therefore there remains a risk that the LGF spend may become an abortive revenue cost and will need to be repaid to SELEP.	Board will be advised on progress towards delivery of the HIF works.
London Gateway/Stanford le Hope, Thurrock		7.50	100%	Planning permission has not yet been granted for the full extent of the project. In addition, costs have increased and there is uncertainty regarding the scope of the second phase of the project.	An update on the Project is provided under Agenda Item 16.
Grays South		10.84	44%	Project costs have increased significantly and the project no longer offers High value for money.	An update on the project is provided under Agenda Item 11. An updated value for money assessment is required and will be presented to the Board in April 2022 following review by the ITE. It is recommended that LGF spend is placed on hold until it can be demonstrated that the project continues to offer High value for money.
A13 Widening, Thurrock		76.50	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. An update on the Project is provided under Agenda Item 12.
Total		139.22			



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

Risk	Description	Risk Impact	Risk Probability	Overall Risk	Mitigation
<b>Failure of third-party organisations to deliver LGF projects</b>	Local authorities have entered into contract with third party organisations, such as district authorities, private sector companies, further education and higher education providers to deliver LGF projects. If the external organisations experience financial difficulty and are unable to deliver LGF projects, it may not be possible to recover the LGF from these organisations should they enter administration. This would result in local authorities being responsible for repaying abortive costs to SELEP.	5	4	20	SELEP encourages local authorities to complete additional financial checks prior to entering into contract or transferring LGF to third party organisations and to ensure clear processes are in place for the oversight of LGF projects delivered by third party organisations.
<b>Affordability of LGF projects</b>	There are likely to be substantial delays to LGF projects at each stage of project delivery as a result of COVID-19, with an impact on the total cost of LGF projects. This is likely to be further exacerbated by increasing materials costs, which has been widely reported across the LGF programme. 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.	4	5	20	The risk of project cost increases sits with the local authority partners and as such, SELEP encourages all partner authorities to review the financial position of all LGF projects.
<b>Operational budgets</b>	Given the current financial climate, there may be financial challenges to the future operation of LGF projects by the private sector, including Higher Education Institutions and Further Education providers. As well as impacting the delivery stage of the projects, this is also likely to impact the operation of the projects once delivered and impact the scale/pace to benefits realisation through the project.	4	4	16	As part of the business case assessment, scheme promoters are required to provide information about the commercial operation of the project post delivery.  Any changes to the feasibility of projects to proceed will be monitored and reported to the Board.
<b>Delivery of LGF project benefits</b>	Local partners have made substantial progress towards the delivery of LGF projects, including the outputs identified in the project business cases. However, the economic impact of COVID-19 is likely to substantially reduce the benefits achieved through LGF investment, or at least slow the pace of benefit realisation. This could reduce the value for money achieved through the delivery of the LGF programme.  There is also a risk that, in light of COVID-19, there may be changes to project 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.	3	5	15	SELEP will work with local partners over the coming months to understand the potential impact of COVID-19 on the expected benefits to be received through LGF investment.  For any new LGF funding decisions brought forward 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.
<b>Resource to deliver LGF projects</b>	There is a risk to the availability of resource to deliver LGF projects, as a result of remote working, sickness and as a result of resources being redeployed to support critical services within local authorities. This is likely to result in project delays but also creates a risk to the oversight of projects.	4	3	12	SELEP Ltd extended the delivery of the Growth Deal period by six months to help ease some of the delivery pressures and to support the appropriate governance of projects.

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

Risk	Description	Risk Impact	Risk Probability	Overall Risk	Mitigation
<b>Supply Chain Risk</b>	Private sector companies within the supply chain may be vulnerable to the current economic situation, particularly as the furlough scheme ends. If companies go into financial difficulty or liquidation, this will impact project delivery timescales and costs.	4	3	12	SELEP encourages local authorities to complete additional financial checks for contractors and sub-contractors prior to entering into any new contracts and reviewing the financial position as part of the contract management for existing contracts.
<b>LGF spend beyond the Growth Deal period</b>	Based on the LGF spend figures reported at the end of 2020/21, LGF totalling £94.977m 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>

**Forward plan reference number:** FP/AB/487

<b>Report title:</b> LGF High Risk Project Update – Grays South	
<b>Report to:</b> Accountability Board	
<b>Report author:</b> Howard Davies, SELEP Capital Programme Officer	
<b>Meeting date:</b> 11 February 2022	<b>For:</b> Decision
<b>Enquiries to:</b> <a href="mailto:howard.davies@southeastlep.com">howard.davies@southeastlep.com</a>	
<b>SELEP Partner Authority affected:</b> Thurrock	

## 1. Purpose of report

- 1.1. The purpose of this report is for the Accountability Board (the Board) to receive an update on the delivery of the Grays South project (the Project) which is considered to be high risk.
- 1.2. The report also brings to the Board's attention cost increases to the Project, which will detrimentally impact on the value for money assessment included within the original Business Case.
- 1.3. An updated Value for Money assessment accompanied by a change request is required as set out in the Assurance Framework (section 7 BB.1). These documents will be assessed by an Independent Technical Evaluator (ITE) and the outcome presented to the April 2022 meeting of the Board for an updated decision on the Local Growth Fund (LGF) currently allocated to the Project.
- 1.4. The report recommends that LGF spend on the Project is placed on hold until the updated Value for Money assessment has been carried out, assessment by the ITE completed and the Value for Money offered by the Project assured.

## 2. Recommendations

- 2.1. The Board is asked to:
  - 2.1.1. **Note** the update on project delivery including the increase in project costs, and the associated identified value for money risk.
  - 2.1.2. **Note** that a Project Change Request and an updated value for money assessment will be presented to the Board in April 2022. If it cannot be demonstrated that the Project continues to offer High value for money and therefore does not meet the requirements of the Assurance Framework, the Board will be asked to consider clawback of the LGF funding allocated to the Project.
  - 2.1.3. **Agree** that LGF spend on the Project should be placed on hold until it can be demonstrated that the project continues to offer High value for money.

### **3. Background**

- 3.1. The Board were presented with a report in February 2019 and agreed the award of £3.7m of LGF development funding towards the delivery of the Project.
- 3.2. This funding was awarded to support the capital development costs of the Project, including land acquisition costs and professional fees associated with the completion of Governance for Railway Investment Projects (GRIP) 2 and the commencement of GRIP 3.
- 3.3. At the Board meeting in November 2019 a further Full Business Case was considered and a further £7.1m LGF allocated to the Project.
- 3.4. The Full Business Case was assessed by the ITE as presenting High value for money with a Low/Medium certainty of achieving this. The uncertainty was due to the early stage of project development. The Board were advised that:
  - 3.4.1. The scheme design had not yet been confirmed;
  - 3.4.2. A planning application had not yet been developed; and
  - 3.4.3. There were a number of GRIP stages to progress through prior to Project delivery.
- 3.5. The Board were also asked to note that:
  - 3.5.1. Spend of the LGF allocation would be in advance of other funding contributions to the Project;
  - 3.5.2. Project completion was expected to be February 2024;
  - 3.5.3. No delivery programme had been prepared for the public realm works, as this would be dependent on a schedule being provided by Network Rail (NR) for the completion of the underpass.
  - 3.5.4. Due to the early stage of the Project, a 30% contingency had been applied to the project cost rather than a Quantified Risk Assessment (QRA) being produced. It was unclear whether this would be sufficient, given the early stage of the Project's development, but Thurrock Council reported that this was the most prudent approach.
  - 3.5.5. Maintenance costs were unknown and whilst it was expected that NR would meet the operational costs relating to the railway, this had yet to be confirmed.
  - 3.5.6. If total Project cost increases through the delivery of the Project then the additional costs would be the responsibility of Thurrock Council.
- 3.6. Further detail on the concerns set out in the November 2019 report are included in Appendix A and the full ITE assessment is attached at Appendix B.
- 3.7. The original Business Case was assessed by WSP (previously known as Williams Sale Partnership) in 2019. Steer, SELEP's usual ITE, were deemed to have a conflict of interest

as they were, and still are, involved in the urban public realm design of the Project. It will be necessary for the Secretariat, with support from the Accountable Body, to assess whether the conflict is still current and if so it will be necessary to procure another organisation to undertake an assessment of the updated value for money assessment and project change request.

### **4. The Project**

- 4.1. The Project forms part of Phase 2 of the Grays South Regeneration Area (GSRA) scheme. Phase 2 is split into two parts, with the LGF being sought to support Phase 2a.
- 4.2. Phase 1 of the GSRA was the refurbishment and extension of Civic Offices. This was brought forward by Thurrock Council, to increase the Council's presence in Grays and will increase the footfall in the town centre. This part of the GSRA was outside the remit of the LGF Project. This element has now been delivered.
- 4.3. Phase 2a is the creation of an underpass to replace the existing level crossing and for the creation of a public square at each end, designed to provide active urban spaces suited to a wide range of events, markets and similar activities. In order to achieve this, land acquisition is a key element of the LGF funding. Much of this land has been built on and the buildings will be demolished to allow for the delivery of the Project.
- 4.4. Phase 2b (outside the remit of the LGF Project) is for the creation of new modern commercial/mixed use floorspace (circa 1,300 sqm) and residential units above (circa 84 dwellings) on land created by Phase 2a. These will contribute towards generating additional footfall within the town centre, support the development of an evening economy, and respond to a lack of town centre facilities to serve the 4 million passenger movements per year through (annual entry and exit figures) the railway station. Provision for the delivery of Phase 2b is included in the Council's capital programme alongside these opportunities for other funding sources are being monitored.
- 4.5. Although Phase 2b is outside the remit of this LGF Project, the benefits associated with the Phase 2a business case for the LGF are realised within Phase 2b.
- 4.6. The Project will improve public safety, create a fully compliant and unimpeded route across the railway line, improving connectivity between different modes of travel within Grays town centre and deliver high quality public realm. Key outcomes are:
  - 4.6.1. enable delivery of 84 homes and 1,279 sqm of retail floorspace to complete the Urban Realm at Grays by 2025
  - 4.6.2. support commercial development in Grays by creating a more attractive town centre and higher quality commercial space.

### **5. Programme and Project Costs as reported in November 2019**

- 5.1. It was reported to Board in November 2019 that delays had been experienced to the completion of GRIP stage 3 and the dependency on NR timelines. Table 1 sets out the key milestones at that time.

**Table 1 - Key Milestones as of November 2019**

Work stages to be completed	
Agreement in Principle with NR	Expected September 2020
GRIP 3 option selection	Expected November 2020
GRIP 4 single option development	Expected December 2021
GRIP 5 detailed design	Expected June 2022
Land acquisition	Expected February 2022
GRIP 6 installation, testing, commissioning	Expected February 2024

- 5.2. Costs for the Project set out in the original Business Case are shown in Table 2 and project funding sources are shown in Table 3.

**Table 2 – High level breakdown of project costs as of November 2019 (phase 2a only)**

Breakdown of Project Costs	
Item	Cost (£m)
VolkerFitzpatrick estimate (Underpass, steps and ramps, structures, public squares, Station Rd diversion)	15.98
Highway diversions, contribution to maintenance of routes used for construction traffic	0.25
Network Rail works	0.70
Crown Rd	2.75
Other Public Realm works	0.86
Land acquisition (assuming Compulsory Purchase Order (CPO))	6.50
Professional fees	1.69
<b>Total</b>	<b>28.73</b>

- 5.3. As the Project moved forward, including further design work and the completion of the latest revised contract with NR, a revised cost plan has been produced which anticipates the infrastructure elements increasing to a cost of £21.2 million. After adding in the wider project costs, that are outside of the NR contract such as land assembly and public realm improvements, the total projected costs of the project have risen to £37.9m.

**Table 3 Project Funding Sources (£m) as of November 2019 – Phase 2a only.**

<b>Funding Profile</b>							
<b>Funding Source</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>	<b>Total</b>
<b>Thurrock Council Capital, S106 funding and development receipts</b>	0.49	1.40	0.40	6.90	5.30	2.70	<b>17.19</b>
<b>Network Rail Funding</b>	0.70						<b>0.70</b>
<b>LGF</b>	0.00	3.70	7.14	0.00	0.00	0.00	<b>10.84</b>
<b>Total</b>	<b>1.19</b>	<b>5.10</b>	<b>7.54</b>	<b>6.90</b>	<b>5.30</b>	<b>2.70</b>	<b>28.73</b>

- 5.4. At this time, it was expected that LGF would be spent by the end of 2020/21. At the Board meeting on 12 February 2021, it was agreed to allow further time for the LGF to be spent beyond the Growth Deal period of 30 September 2021 and that Project completion had moved out to June 2024. This was subsequently agreed by Strategic Board at their meeting in March 2021.
- 5.5. Including all public sector contributions the original business case showed a Benefit Cost Ratio (BCR) of 2.4:1. As part of the sensitivity testing in the original Business Case, the impact of a 30% increase in project cost (relative to the baseline estimates excluding optimum bias) was considered. This cost increase, were it to materialise, would be on top of the 30% risk allowance already included, see 3.5.4, in the cost estimates. This testing showed that if the increase in costs materialised, the adjusted Benefit Cost Ratio (BCR) would reduce to 2.1:1.

## **6. Updated Position**

- 6.1. In July 2020 Thurrock Cabinet gave approval for the preferred concept to be designed in more detail through the current Development Services Agreement contract with Network Rail.
- 6.2. The preferred option, the Plaza, includes:
- 6.2.1. Good equality of access for people using ramps rather than steps, with the ramps offering similar distances to the stepped access and the number of ramp switchbacks being minimised.
  - 6.2.2. Creation of useable hard and soft landscaping areas with an open 'Plaza' at the entrance to the underpass on the South side offering a range of activation opportunities (market stalls, coffee carts etc) and promoting good levels of passive security.
  - 6.2.3. Creation of a development plot fronting onto the plaza providing further activation, increased security and economic opportunity.
- 6.3. At the Thurrock Council cabinet meeting in July 2021 members were advised that since the Covid-19 pandemic a total of £19m of capital projects had been cancelled and it was agreed that Grays South as a priority project would receive additional funding to bridge the current funding gap. It was reported that costs had risen to £37.9m for the delivery of the project, from the original £28.73m.

- 6.4. Thurrock Council's Cabinet was advised that original costings had been based on concept designs and these had now been reassessed following receipt of a detailed cost plan that reflected further design work and a better understanding of the proposed construction methodology from NR which significantly increased costs
- 6.5. The direct NR Project Management costs are higher than would be expected for a project of this size and this has been a key driver in the rising cost of the project. The Council will continue to challenge NR on the fees applied, so as to apportion costs in a manner that reflects the benefits of the project for all stakeholders. The Council has undertaken a review of the benefits of this scheme to the rail industry and quantified these with sensible logic. Thurrock Council will continue to actively present this to NR and examine available funding streams moving forward, along with challenging NR on the fees with the aim of reducing these to a benchmarked level.
- 6.6. The initial budget was approved based upon early feasibility work, an emerging design and what was known at that time relating to site constraints and risks to the Project. This assumed a much quicker programme than it was possible to achieve.
- 6.7. A revised breakdown of project costs has been requested and this will form part of the Value for Money Assessment which will be provided with the Project Change request and will be presented to the Board in April 2022.
- 6.8. So far, £4.85mLGF has been spent on the Project with £5.989m remaining to be spent (Table 4).

**Table 4 – Updated Project Funding Sources as of December 2021**

Breakdown of Funding Sources (£m)							
Benefit/Cost Type	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	TOTAL
NR contribution	0.70						0.70
LGF		3.66	0.83	0.36	5.99		10.84
Thurrock Council Capital, S106 funding and development receipts				7.72	10.30	8.30	26.32
							37.90

- 6.9. If a CPO is necessary, it would necessitate some of the £5.989m LGF to be moved into 2023/24, an update on this position will be clearer as the land negotiations develop.
- 6.10. The Thurrock Cabinet meeting in July 2021 also approved the use of Compulsory Purchase Orders (CPO) powers to proceed with land assembly for the Project.

## 7. Project Delivery Update

- 7.1. Key elements of the Project being undertaken currently are:



- 7.1.1. New contract with NR to complete design GRIP 4 (Single Option Development) and GRIP 5 (Detailed Design) is programmed to commence in February 2022 (see Table 5).
- 7.1.2. Preparation of planning applications for the scheme are underway. Network Rail and c2c have been issued with draft applications for comment. Final planning applications are due to be submitted in late January 2022. A verbal update on the status of the planning applications will be provided during the course of the Board meeting.
- 7.1.3. Negotiations regarding land acquisition commenced in early 2021 and have been ongoing. It has become clear that a CPO process will need to be run in parallel with these negotiations in case it is required and this will be triggered once a planning application is submitted in late January 2022, in accordance with CPO procedures. It is expected that if the CPO is required the Project could extend by 12-18 months.
- 7.2. The current expected costs for land acquisition have recently been reassessed and calculated at £7m which represents an increase of £0.5m above the estimate shown in the original Business Case.
- 7.3. Key project milestones which show a comparison between the original dates shown in the Business Case and updated completion dates are set out in Table 5

**Table 5 – Current project milestones**

Description	Expected Completion in Original Business Case	Expected Completion Date as at February 2022
Agreement in Principle with NR	September 2020	Complete
GRIP 4 single option development	December 2021	31 January 2022
GRIP 5 detailed design	June 2022	25 November 2022
Land Assembly <sup>1</sup>	February 2022	28 November 2022
GRIP 6 implementation, testing, commissioning <sup>2</sup>	February 2024	31 March 2024
Project Hand back		19 June 2024
Project Completion <sup>3</sup>		17 September 2024

**Note:**

<sup>1</sup> If CPO is required 12-18 months could be added to this part of the project. <sup>2</sup> Assumes rail possessions not changed and subject to ground conditions. <sup>3</sup> This date is for the completion of the underpass, steps and ramps. The public square will complete after this date.

- 7.4. The updated project milestones show a delay to delivery of 7 months from the dates presented to the Board in November 2019. Although, it should be noted this does not include the possibility of a further extension if a CPO is required.

**8. Key risks to Project delivery**

- 8.1. The current cost estimate is based upon a set of assumptions and unknowns which may change as the project progresses. GRIP 4 (Single Option Selection) and GRIP 5 (Detailed Design) tend to be where the assumptions are fixed, and the number of unknowns must be as close as possible to zero. The Project is still in the development stage and further work is required to address these at Project level. The following paragraphs highlight the key risk areas that are known at this time:
- 8.1.1. The latest cost estimate is based on a programme that assumes a start on site in late 2022. Any delay to this programme could increase the overall costs. The main risk at present is that the programme assumes all land assembly can be completed by negotiation. Much of the CPO process is outside of the Council's control and could add up to 12-18 months to this programme.
- 8.1.2. High level costs for utility diversions have been included but these costs still require further investigation and confirmation from the utility providers. Although the costs for this element are included within the overall project budget at the forthcoming discussions around the design contract Thurrock Council will be recommending that NR undertake this element of works, as they are best placed to do so. Ultimately, if this is not taken on by NR, Thurrock Council will take this work forward.
- 8.1.3. The scheme is costed based on professional advice from cost consultants and has had some early engagement from the NR supply chain. Currently the cost estimate (£37.9m) includes a 30% contingency as at GRIP 3 (option selection). As the project progresses and proceeds through the GRIP stages the contingency will reduce as costs become more certain. The costs of building materials has increased substantially in the construction industry recently and this continues to be monitored.
- 8.1.4. The cost plan addresses the ongoing risk profile by allocating appropriate contingency amounts to the various elements of the scheme. The project team and NR are continuing to challenge the design, programme and construction methodology to ensure that assumptions continue to be refined, cost efficiency maximised and risk appropriately provided for.
- 8.2. The LGF is predominantly allocated against land acquisition although some LGF has already been spent on costs associated with design and planning.
- 8.3. If spend of the LGF funding were to be put on hold, in the short term, there would be little effect on project progress. Land Acquisition is currently being negotiated so options to purchase and actual purchases will not take place until later in the year.

## **9. SELEP Comments**

- 9.1. At the Board meeting in November 2019 the risks associated with delivery of the Project were clearly set out and were considered by the Board prior to the award of the remaining LGF allocation. Further details on these risks are set out in Appendices A and B. At the time of the funding decision, as is required in accordance with the Service Level Agreement

between Thurrock Council and Essex County Council (as the Accountable Body for SELEP), Thurrock Council agreed to underwrite any increase in Project cost.

- 9.2. As set out in this report, costs have risen significantly as the Project has progressed and Thurrock Council have increased their financial contribution accordingly. With the Project still at an early stage of development there is a risk that these costs will rise further, particularly in light of recent widely reported increases in construction and materials costs.
- 9.3. It is clearly set out in the SELEP Assurance Framework that any changes to the total Project costs above 30% or a £500,000 threshold which are identified prior to the construction contract award (section 7 BB.1 vii) require approval from the Board.
- 9.4. The increase in total Project cost, as outlined within this report, also gives rise to concerns regarding the ability of the Project to continue to offer High value for money, as is required under the terms of the SELEP Assurance Framework. The BCR set out in the original Project Full Business Case was 2.4:1, which represented High value for money.
- 9.5. As set out in section 5.5 of this report, sensitivity testing was undertaken within the Full Business Case considered by the Board in November 2019. One area of the Project which was tested was the impact of increased project costs on the value for money offered by the Project. The sensitivity testing considered an increase in costs of 30% compared to those set out within the Business Case (increasing the present value of the public sector costs to £30.4 million) and the outcome demonstrated that in this scenario the BCR would fall to 2.1:1, which is very close to the 2:1 threshold required. As the projected costs are currently estimated to be £37.9 million, it can be assumed that the BCR will have fallen below 2:1 and therefore the Project no longer offers High value for money and therefore fails to meet the requirements of the Assurance Framework.
- 9.6. As the Project no longer meets the requirements of the SELEP Assurance Framework, spend of the LGF allocation cannot continue without further review and update of the value for money calculations. It is recommended that spend of the remaining £5.99m LGF is placed on hold to allow Thurrock Council time to revisit the value for money calculations for the Project and demonstrate compliance with the Assurance Framework.
- 9.7. It is understood that since the Business Case submission further work has been undertaken on the Project and additional benefits which were not quantified in the original BCR calculation have been identified. The updated value for money assessment should take these benefits into account and Thurrock Council remain confident that this assessment will show that the Project continues to offer High value for money. The updated value for money assessment must be accompanied by an LGF Change Request form which will set out the rationale for and implications of the increase in project cost identified within this report.
- 9.8. The change request and value for money assessment will be reviewed by the ITE and it is intended that the outcome will be presented to the Board in April 2022 for a decision regarding retention of the LGF funding allocated to the Project. It should, however, be noted that, as set out earlier in the report, Steer are actively involved in the Project and therefore this may create a conflict with their usual role as SELEP ITE. Work will be undertaken by the SELEP Secretariat and Accountable Body to establish whether a conflict exists and to

identify alternative options should it not be possible to use Steer for this review. This may present a risk to ensuring the assessment of the Project is complete in time for presentation to the April 2022 Board meeting.

- 9.9. As outlined earlier in the report, it is not expected that placing LGF spend on hold at this time will have major impacts on delivery of the Project. The majority of LGF is required to support land acquisition and these costs are not expected to be incurred until later in 2022/23 or in 2023/24 if a CPO is required. The funding contributed by Thurrock Council can be used to cover costs which arise between this Board meeting and the next meeting on 29 April 2022 when it is expected that the outcome of the value for money assessment will be known.
- 9.10. If the revised value for money assessment demonstrates that the Project continues to offer High value for money, the Board will be asked to agree that LGF spend on the Project can recommence but that regular updates on Project delivery be provided to ensure work is progressing as expected and to the forecast budget.
- 9.11. If the revised value for money assessment does not demonstrate that the Project continues to offer High value for money, the Board will be asked to consider seeking the clawback of some or all of the LGF funding allocated to the Project due to a lack of compliance with the Assurance Framework. It is expected that this position will be considered in April 2022.

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

- 10.1. The increased Grays South Project costs highlighted to the Board, present a risk on assuring delivery of the expected outcomes and value for money of the November 2019 business case.
- 10.2. To mitigate these risks, the Board is advised to keep under review the delivery progress of the Project and to take this into account with regard to any further decisions made in this respect. The Project Change Request and an updated value for money assessment to come forward to the April 2022 Board meeting, will be subject to independent technical evaluation, which will give the Board greater assurance in this respect.
- 10.3. 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.
- 10.4. All LGF is transferred to Thurrock Council, as the Project's Lead Authority, under the terms of a Funding Agreement or SLA which makes clear that funding can only be used in line with the agreed terms.
- 10.5. The Agreements also set out the circumstances under which funding may have to be repaid should it not be utilised in line with the conditions of the grant or in accordance with the Decisions of the Board.
- 10.6. Should it not be possible, for example, to secure realisation of the outcomes and 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 £10.84m LGF allocated to the Project.

- 10.7. In addition, should any of the LGF spent on this Project have been used to fund any costs that are now abortive revenue costs, this will no longer meet the requirements of the Funding Agreement; in this circumstance, the funding may need to be returned or potentially reinvested in the Updated business case Project, subject to approval by the Board. Clarification on this position is being sought from Thurrock Council. The Board are recommended at 2.1.3 to agree to place LGF spend on the Project on hold until it can be demonstrated that the project continues to offer High value for money, which is prudent to prevent an increase of what could be abortive revenue costs for Thurrock Council.
- 10.8. To mitigate these risks, the Board is advised to keep under review the delivery progress of this Project and to take this into account with regard to any further decisions made in this respect.

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

- 11.1. There are no significant legal implications arising from the proposals set out in this report. If the Project is cancelled at a later date, the provisions set out with the SLA will be activated, and Essex County Council, as the Accountable Body, will work with Thurrock Council, to recover any abortive revenue costs.

## **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 Appendices**

- 13.1. Appendix A – Background Information

13.2. Appendix B – Original ITE review

**14. List of Background Papers**

14.1. Link to SELEP Webpage [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
<b>Accountable Body sign off</b> Stephanie Mitchener <b>(on behalf of Nicole Wood, S151 Officer, Essex County Council)</b>	03/02/2022

## Appendix A – LGF Project Background Information

<b>Name of Project</b>	<b>Grays South</b>  Thurrock Council
<b>Local Growth Fund (LGF) allocation</b>	<b>£3.7m</b> awarded as development funding towards the delivery of the project – February 2019  <b>£7.1m</b> awarded to support capital development costs of the project, including land acquisition costs and professional fees associated with the completion of GRIP 2 and the commencement of GRIP 3 – November 2019
<b>Description of what the Project delivers</b>	<p>The Project forms part of Phase 2 of the Grays South Regeneration Area (GSRA) scheme.</p> <p>Phase 1 of the GSRA is the refurbishment and extension of Civic Offices. This is being bought forward by Thurrock Council, to increase the Council's presence in Grays and increase the footfall in the town centre. This part of the GSRA is outside the remit of the LGF Project.</p> <p>Phase 2 is split into two parts, with the LGF being awarded to support Phase 2a.</p> <p>Phase 2a is for the creation of an underpass to replace the existing level crossing and for the creation of a public square at each end, designed to provide active urban spaces suited to a wide range of events, markets and similar activities.</p> <p>Phase 2b is for the creation of new modern commercial/mixed use floorspace (c1300m<sup>2</sup>) and residential units above (c84 flats) on land created by Phase 2a. These will contribute towards generating additional footfall within the town centre, support the development of an evening economy, and respond to a lack of town centre facilities to serve the c4million passenger movements per year through the railway station.</p> <p>The highways relocations and property demolitions required for the underpass and public squares (phase 2a) create the space required to unlock the development potential of phase 2b.</p>
<b>Project benefits</b>	<ul style="list-style-type: none"> <li>• Increased Safety for pedestrians crossing busy railway line</li> <li>• Enhanced public realm experience in Grays Town Centre</li> <li>• Enable delivery of 84 homes</li> <li>• Enable delivery of 1,279m<sup>2</sup> sqm of retail floorspace</li> </ul>
<b>Project Constraints and ITE Review as set out in</b>	<ul style="list-style-type: none"> <li>• Project costs have risen from £12.0 million to £29.09 million; a risk remains that cost could rise further.</li> <li>• Land acquisition has commenced, but there is a risk that negotiated agreements may not be successful and a CPO required, this could extend the Project timeline.</li> </ul>

**the  
November  
2019 Report  
to the  
Board**

- Ongoing negotiations with NR are complex.

The original ITE summary is replicated here for information

The ITE review confirms that the project Business Case demonstrates High value for money with an initial Benefit Cost Ratio (BCR) of 2.3:1 and an adjusted BCR of 2.4:1, as explained below. However, the certainty of the economic appraisal is considered to be Medium/Low.

The economic appraisal of the Project has been conducted using a blend of recognised appraisal tools and bespoke analysis. The 'initial' BCR considers the following items:

- Safety benefits of reduced incidents as a result of level crossing closure
- Active mode appraisal to capture the impacts of changes in walking and cycling demand
- Public realm benefits capturing the benefits to pedestrians of improved infrastructure
- Journey time benefits of the underpass compared to a scenario where the level crossing is closed
- Changes to Vehicle Operating Costs (VOCs) and external costs associated with driving due to modal shift.

In addition, the impact of the Project on Land Value Uplift (LVU) has also been considered as part of the 'adjusted' BCR for the Project.

The ITE assessment has highlighted that the case made that the project will increase land value is weak. The Business Case sets out plans for Phase 2b of Grays South regeneration which will deliver residential units and commercial space on the land unlocked by the underpass.

The level of dependency between the delivery of the underpass and public realm works, as part of this Project, and the future delivery of residential development is not proven. As such, there is uncertainty as to the 'adjusted' BCR.

Whilst there are currently no guarantees that this will take place, Thurrock Council have commented that the plots are located in a strategic location in the town centre and therefore unlikely to be left vacant.

Since the submission of the Business Case to SELEP and following the submission of an Expression of Interest to the Future High Streets Fund for projects in Grays, the Ministry for Housing, Communities and Local Government has invited Thurrock Council to submit a full business case for up to £25m (most town centres



	<p>are expected to receive £5-£10million) from the fund to support projects falling within the investment themes for the fund.</p> <p>Grays has also qualified for up to £25 million from the Towns Fund, the prospectus for this fund was issued on 1 November 2019.</p> <p>The potential further investment in the town through the Future High Streets Fund and Towns Fund will help to enhance the benefits delivered through the LGF Project.</p> <p>Despite this uncertainty around the Land Value Uplift benefits, the Business Case indicates that the Project presents high value for money, based on the assessment of the benefits listed above, which are considered in the initial BCR.</p> <p>The ITE comments that the requested changes have been made to the Business Case compared to the earlier iteration. These improvements primarily relate to the provision of more detailed cost estimates, detailed work programme and risk register.</p> <p>It is noted that there is still a level of uncertainty supporting these documents due to the early stage of the Project and the lack of detailed specification of the preferred option.</p> <p>A programme that reflects the Network Rail GRIP process is included in the Business Case, this will be updated as timings from Network Rail become more certain.</p> <p>Initial design work has been carried out, but cost estimates are still being used. A tender price will not be available until the Project is further developed. The programme for the delivery of the public realm works is also dependent on a programme being prepared by Network Rail for the completion of the underpass. As such, this creates uncertainty about the scope, costs and overall completion date for the Project.</p> <p>The main outstanding concerns for the Board to consider are that:</p> <ul style="list-style-type: none"> <li>- The detailed preferred option for the Project has not been identified, as the Project is currently at GRIP Stage 3 (option selection stage).</li> <li>- A greater level of detail has been provided about the scheme costs since the previous iteration of the Business Case. However, as the scheme design has not been confirmed, these costs are at risk of change.</li> <li>- A 30% risk allowance has been included. However, a detailed Quantified Risk Assessment (QRA) exercise has not been undertaken at this stage. The sensitivity testing on costs</li> </ul>
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	<p>provides reassurance that the Project costs can increase by 30% before the Project would no longer present value for money.</p> <ul style="list-style-type: none"> <li>- No maintenance costs have been included for the scheme, as Thurrock Council have stated in the Business Case that ‘it is difficult to estimate the size/cost/responsibility of the maintenance regime before design progresses further. In terms of maintenance liability/risk allocation it is expected that Network Rail will be responsible for the maintenance of the asset that, once constructed, provides access under the operational railway, including steps and ramps’. The cost of maintaining the public realm will be absorbed by Thurrock Council.</li> <li>- The Business Case further adds that a maintenance strategy will be developed through the GRIP Stage 3 process. Without the maintenance costs having been confirmed, and agreement as to who will bare these costs, this adds to the cost risk to Thurrock Council, should the total project cost increase. Thurrock Council is aware of this risk.</li> <li>- The concluding comment from the ITE assessment states that, “The scheme still appears to be a good scheme for SELEP to invest in, but that investment needs to be considered in the context of the limited certainty around the outturn cost estimates, the programme and the resultant impact that may have on affordability and value for money.</li> </ul>
<p><b>Link to Project page on the website with Full Business Case</b></p>	<p><a href="https://www.southeastlep.com/project/grays-south/">https://www.southeastlep.com/project/grays-south/</a></p>



South East Local Enterprise Partnership  
(LEP)

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# **INDEPENDENT TECHNICAL EVALUATOR REVIEW**

Grays South



South East Local Enterprise Partnership (LEP)

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# **INDEPENDENT TECHNICAL EVALUATOR REVIEW**

Grays South

**TYPE OF DOCUMENT (VERSION) PUBLIC**

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South East Local Enterprise Partnership (LEP)

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# **INDEPENDENT TECHNICAL EVALUATOR REVIEW**

Grays South




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## ***FIGURES***

No table of figures entries found.

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## ***APPENDICES***

APPENDIX A

SELEP BUSINESS CASE ASSESSMENT PRO-FORMA

# 1 INTRODUCTION

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WSP was commissioned by the South East Local Enterprise Partnership (SELEP) to provide Independent Technical Evaluator (ITE) services for the Grays South Full Business Case (FBC). The FBC has been prepared by the scheme promoter Thurrock Borough Council.

The ITE assessment has been based on reviewing the alignment of the FBC to relevant guidance set out in HM Treasury Green Book, and related departmental guidance, such as Department for Transport's (DfT) WebTAG, and Ministry of Homes, Communities and Local Government (MHCLG) Additional Guide and Appraisal Guide.

WSP have previously been commissioned to review the Outline Business Case (OBC) for the Grays South scheme. Changes to the Business Case as a result of this previous review have been considered, as well as checking the approach adheres to guidance for the development of a FBC (as opposed to an OBC).

The remainder of this document is structured as follows:

- Grays South Project: an overview of the project, including any changes from OBC and outstanding uncertainties.
- Key Observations at OBC Review: the key points raised at the OBC review, and responses from the scheme promoters of changes made at FBC level.
- FBC Evaluation: review of the Five Cases, highlighting any issues and areas of uncertainty and developments since the OBC review.
- Outcomes and Recommendations: drawing together the key points from the previous chapters and setting out conclusions of review.



## 2 GRAYS SOUTH PROJECT

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The Grays South project has been provisionally allocated £10.8m of Local Growth Funding (LGF), with a total project cost of £28.7m.

The OBC, developed in early 2018, sought £3.7m of Local Growth Funding (LGF) from SELEP. The FBC, which has been reviewed as part of this commission, seeks the further £7.1m of LGF funding, giving £10.8m in total.

The level crossing outside Grays South rail station is one of the most dangerous in the eastern region. Network Rail have assigned the crossing an All Level Crossings Risk Model (ALCRM) rating of D for individual risk and 1 for collective risk. The Grays South project encompasses the closure of the level crossing and replacing it with an underpass. The scheme will also involve development of a public realm square at either entrance of the underpass. The LEP funding ask is in relation to:

- Creation of an 8m wide pedestrian underpass to replace the existing pedestrian level crossing, thereby addressing both the safety concerns shared by Network Rail, Thurrock Council and other bodies, and the significant severance the crossing creates within the town centre.
- Creation of new public squares at both ends of the underpass to create well designed public realm, providing a high-quality arrival point, meeting and event space and better links between the town centre, college and High Street. This improved public realm will bring vibrancy and vitality to the town centre, support local businesses, set a benchmark for quality and make Grays more attractive to external visitors.

### 3 KEY OBSERVATIONS AT OBC REVIEW

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A Report was issued by WSP following review of the OBC summarising the findings and key areas for address. As part of the FBC submission the scheme promoters produced a table showing how these comments have been addressed in the FBC.

As part of the FBC evaluation in the next chapter the level to which it is considered sufficient updates to the Business Case have been made to address these comments is discussed.

Table 3-1 below shows the comments from the OBC and response from the scheme promoter.

**Table 3-1 – Key observations at OBC review**

Observations from OBC	Response from scheme promoter
<b>Strategic Case</b>	
<p>Whilst various socio-economic problems within Grays are identified, not all of these problems are evidenced and quantified (such as the poor urban realm, which could have been demonstrated through pedestrian quality audits, via the use of PERS software) and then directly linked to the scheme / or the lack of adequate current or future infrastructure. Others are alluded to indirectly and found elsewhere in the analysis.</p>	<p>Updated to include evidence from latest town centre evaluation.</p>
<p>The objectives are still not SMART (Specific, Measurable, Achievable, Realistic, Time-limited), which is a missed opportunity and weakness (as it is a Green Book requirement), and one which could easily have been addressed. If all the problems had been quantified, they would naturally be measurable, and the link to how the infrastructure could reduce these impacts could more easily have been demonstrated. This would not be difficult to develop, especially as the monitoring and evaluation section is quite detailed.</p>	<p>Objectives have been updated to be made SMART and to align to monitoring and evaluation metrics.</p>
<b>Option Alternatives</b>	
<p>The option assessment within the OBC is still relatively basic and has only really considered options for the replacement of the level crossing, not the urban realm proposals, which form a</p>	<p>Options for urban realm development have been included, including costings and designs.</p>

crucial part of the scheme. But this is a direct result of the urban realm proposals being less well developed than the more urgent part of the scheme, the level crossing replacement alternatives.	
It is still considered to be a weakness of the OBC that none of the alternative options presented have been costed or economically appraised, as this does not allow decision-makers to make informed decisions on alternatives to the preferred scheme option without being given comparable levels of information for each option.	The lack of economic appraisal of alternatives (i.e. no underpass) is due to this decision having been made previously by the Council.
<b>Dependencies</b>	
Given the “scheme” assessed here is Phase 2a, the underpass and public realm, it would have been logical to describe the “wider scheme” (phases 1 and 2b) and the dependence / interrelationship of those phases in dependencies section of the OBC. These dependencies are described elsewhere in the OBC, but not in the dependency section. This is a structural / drafting observation rather than a content gap.	Details of Phases 1 and 2b have been included in the dependencies section.
<b>Economic Case</b>	
<b>Costs</b>	
The lack of a schedule of costs is still considered to be an omission from the costing process as this reduces the transparency of the cost build-up and increases the level of risk that costs could ultimately increase as the project progresses.	Detailed schedule of costs has now been included.

It is the view of the promoter that the Network Rail provided costs are robust, but they have not been itemised / disaggregated in the way that are expected say by the DfT appraisal. It is noted where costs are broken down into individual items (such as including contingency), the values are within an expected / acceptable range (ie 30% of scheme costs).	Appendix provides breakdown of costs.
Costs associated with maintenance and renewal are still excluded from the total scheme costs at this stage, which would slightly reduce the benefit cost ratio if included. Maintenance and renewal costs typically account for a much smaller proportion of whole life costs than the construction costs.	Maintenance and renewal costs are included but not itemised.
Additional no construction inflation is applied to the 2016 generated scheme costs.	
Optimism has been applied at 13.5%, though only to the public sector costs, not to the entire cost estimate, which is non-standard.	Optimism bias has been applied to all costs - this was also the case in final version of the previous iteration.
<b><i>Benefits – urban realm impacts</i></b>	
All the assumptions contained within OBC iteration 1 appeared reasonable, as all such improvements to the public realm could be implemented. However, given that the public realm part of the scheme has not been designed yet, it is difficult to assign a high level of certainty to all these infrastructure improvements making it into the final design.	Public realm improvements included in the toolkit have been checked for relevance with Steer (contractor which has done the designs)
<b>Financial Case</b>	

<p>It is noted that an £800,000 Network Rail contribution towards scheme costs is time limited and therefore may be at risk. It is unclear why the stated Network Rail contribution has fallen from £4m to £800,000.</p>	<p>Network Rail's contributions are time limited within Control Periods. CP5 finished end of March 2019 and hence the current Network Rail contribution was £705,000, slightly less than the £800,000 due to being an estimate of works able to be completed by the end of the CP. Thurrock Council actively encouraging NR to apply for further funds within CP6 and to access the Level Crossing Risk Reduction Fund or similar fund that becomes available.</p>
<p>It is unclear how the £5.6m of funding captured through development receipts has been calculated given the level of immaturity of any future development project, but as this is being underwritten by the promoter there is limited risk to SELEP. It is noted that if this sum doesn't materialise, this would further reduce the BCR as public sector costs would increase.</p>	<p>This risk is covered in the sensitivity analysis.</p>
<p><b>Commercial Case</b></p>	
<p>No information is provided on the contracting strategy (i.e. traditional, design and build, etc). This is therefore an omission.</p>	<p>Options for contracting have been provided with relative pros and cons for each.</p>

A basic procurement strategy is outlined, but it does not include a programme (nor is it included within the overall project programme) and there is no evidence there has been any engagement with the market.	Options for procurement have been provided with relative pros and cons for each.
There is no mention of risk allocation and transfer within the commercial case.	Details of risk allocation have been added.
<b>Management Case</b>	
A very basic programme is provided related to the Network Rail Grip process. The Gantt chart has not been produced by any recognisable software (MS Project, Primavera), with no detail provided on specific tasks, their dependency, and therefore a critical path cannot be produced. It is noted that a detailed programme with a critical path cannot be produced until "Network Rail issue a revised programme which is normal practice at this early GRIP Stage".	Detailed programme has been included in appendix. This will be updated as timings become more certain from Network Rail.
As only a very basic Gantt chart is included with no dependencies, a critical path has not been identified.	Detailed programme has been included in appendix. This will be updated as timings become more certain from Network Rail.
<b>Outcomes and Recommendations</b>	
A suitable schedule of costs has not been provided to enable full scrutiny and validation of the scheme cost estimate. No costs have been identified for the development of the project (such as	More detailed costings have been included

<p>the design and planning costs), and similarly no costs have been provided associated with maintenance and renewal of the underpass.</p> <p>Each of these gaps contribute to higher levels of uncertainty in the scheme cost estimates provided. However, sensitivity testing associated with increased scheme costs of 50% indicate the BCR may fall to 1.9 (just shy of the SELEP BCR threshold of acceptance).</p> <p>It is however not considered that the omission of the items above would not generate scheme cost increases of 50%. Also given that cost increases will be borne by the promoter, this is not considered to be a risk to SELEP.</p>	<p>Initial design concepts and costings have been developed for public realm work</p> <p>Detailed programme of work has been included</p>
<p>No design work, cost estimates or delivery programme have been prepared for the public realm works. This creates a level of uncertainty to the scope, cost and deliverability of that component of the scheme. However, this design work is now ongoing and the requirement for the additional detail and costing could be provided in the current financial year, especially as the funding ask has been reduced to £3.7m in 2019/20. This perhaps offers the opportunity to revisit the OBC cost benefit analysis on completion of the design and analysis.</p>	<p>Appears that costs for public realm are included in revised estimate for FBC.</p>
<p>No detailed project programme or delivery plan is provided, which creates additional uncertainty about the deliverability of the project by the end of the Growth Deal.</p>	



## 4 FBC EVALUATION

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### 4.1 EVALUATION APPROACH

The FBC has been evaluated in line with the SELEP Business Case Review Pro-Forma. This Pro-Forma considers a number of aspects to each of the Five Cases, and requires a qualitative assessment of the FBC, and a RAG (Red Amber Green) rating. The Assessment Pro-Forma is attached as **Appendix A** to this report.

The review of the FBC has considered, and taken on board, the changes since the OBC, but also evaluated the FBC in its own right against the guidance criteria.

### 4.2 STRATEGIC CASE

#### 4.2.1 IS THERE EVIDENCE TO SHOW THERE IS A NEED FOR INTERVENTION?

The key current problems setting out the need for intervention have been identified in the Strategic Case (and elsewhere in the FBC). These include:

- Safety – the level crossing has been identified as one of the most dangerous in the Anglian Region
- Connectivity – severance issues where north and south connectivity of High Street is hampered by the rail crossing
- Public realm – existing public realm spaces are poor quality and create a negative image of the town from a gateway perspective.
- Transport linkages – services around Grays station are not well integrated, made worse by the level crossing
- Housing demand – demand for housing continues to outstrip supply
- Retail and commercial offer – in decline although recent interventions have improved this

The evidence presented to support each of these issues is varied. The safety aspect has been well presented with the number of pedestrians and cyclists using the level crossing and the Network Rail All Level Crossings Risk Model (ALCRM) rating. It has been stated that there have been no serious injury/fatal incidents at the level crossing, however there is no evidence of the number of incidents of misuse at the level crossing. It is assumed this is because this data is not typically formerly collected, however as British Transport Police have recently increased patrols of the station there should be evidence to support this decision.

The current frequency and duration of level crossing closures has been stated in terms of the impact on severance. Although the figure for the number of pedestrians/cyclists using the level crossing has been presented, there is no evidence of the distribution of this demand i.e. proportion to/from Grays station, proportion to/from South Essex College etc.

In a noted advancement since the OBC, a study was undertaken in December 2018 which identified that poor public realm is a contributing factor to town centre footfall and spend. The 'Walkscore' is

stated as 87/100. This is considered ‘very walkable’ and although shows room for improvement (90-100 is ‘walkers paradise’) it doesn’t necessarily support the argument that public realm is viewed by the public as a key issue in Grays. Assumedly severing the High Street with the level crossing close would reduce future urban realm scores.

Strong evidence has been presented for the issue of housing demand, with the Local Plan requirements far exceeding the identified sites. Supporting figures have been provided. A Retail and Leisure study (January 2018) has been referenced which sets out the commercial issues in Grays town centre.

Although sound evidence to support a number of the key issues has been presented, this information is within various sections of the Business Case. The case for intervention would be much stronger if this was presented consistently and coherently within the *Need for Intervention* section of the FBC.

The impact of not addressing these problems has not been supported by any forecasts or evidence. It is stated that there will be ‘increases in frequency and duration of level crossing closures’, however no figures are presented to support this. When looking to the future, the FBC has not considered the wider impacts of not changing i.e. social and economic implications.

From considering the need for intervention, the scheme and its objectives it can be seen that the provision of the underpass and public realm enhancements would help to address the identified problems. The Strategic Case presents a table showing the alignment of the existing problems to the scheme objectives, however there is no narrative to support these assertions. This argument is not made strongly in the Business Case. The necessary inputs are within the FBC, but need to be drawn together into a compelling narrative to support the link between problems and objectives.

The case for why the scheme is needed now has been made well in the FBC. This is driven by Network Rail issuing their formal three year notice of intention to close the crossing in January 2016. Three years from this letter, Network Rail can exercise its choice of a precise date of closure for the crossing.

#### **4.2.2 HAVE THE OBJECTIVES BEEN APPROPRIATELY DEFINED?**

In the OBC review the scheme objectives were identified as an area of weakness and a missed opportunity as they were not SMART (Specific, Measurable, Achievable, Realistic, Time-limited). In the FBC the objectives have been updated such that they are now SMART. However, it is noted that the objectives are heavily intervention-led, particularly for the housing and commercial development objectives. For example, ‘to increase housing supply, by enabling the delivery of 84 new homes on project site by 2025’. The HMT Green Book states ‘The objectives should not bias the choice of options towards a particular pre-determined solution’. The objectives related to safety, footfall, public realm and connectivity are more in line with what would be expected for scheme objectives. The link between the scheme objectives and the Monitoring and Evaluation (M&E) plan has been well put together.

As discussed above, the objectives presented do align to the problems identified. Although these arguments could be stronger within the FBC. There has been no clear alignment of the scheme objectives to policy priorities at a local, regional or national level. The OBC review raised that the Industrial Strategy should be included as a national policy, it is noted that this is still omitted.

#### **4.2.3 HAVE ALTERNATIVE OPTIONS BEEN DEFINED?**

Option generation for the scheme is in two phases. Firstly, four different options were considered including:

- To replace the level crossing with an underpass
- To replace the pedestrian crossing with a new footbridge
- To remove the level crossing and refurbish the existing footbridge
- To remove the level crossing and existing footbridge with no replacement crossing.

The pros and cons of these four options were considered by Thurrock Borough Council, Network Rail and Ward Members. The arguments made are sound from a narrative perspective, however are not supported i.e. references to costs but these have not been calculated for each option. The underpass is selected as the preferred option, noting this decision has not been based on the appraisal of the options.

Three options have then been considered for the design of the underpass and public realm squares. It is noted that these options are an advancement of the OBC where there was limited detail of the design of the public realm element of the scheme. High-level cost estimates have been presented for the three options, with supporting detailed cost plans provided as an appendix. Only the highest cost option is appraised in the FBC. The lack of appraisal of other options, and the basis for discounting options is seen as a key weakness of the FBC.

#### **4.2.4 DOES THE CASE IDENTIFY FACTORS AFFECTING THE SUITABILITY OF THE PREFERRED OPTION?**

The FBC considers the constraints and dependencies of the scheme. These have not been considered at an option level, but given the similar nature of the options the conclusions are assumed to still stand. Ground condition has been identified as the key technical constraint and has been factored into the risk adjustment for the scheme costs. Planning consent and land acquisition have also been identified as constraints. This section of the FBC has been well drafted.

The housing development is stated to be dependent on the development of the underpass. The current commercial properties in place do not have the ability to convert upper floors to residential development. Part of the funding package is derived from receipts generated by future developments of plots in and around the project area (£5.6m). This is a commitment by the Council, and a risk it bears.

#### **4.2.5 DOES THE CASE IDENTIFY RISKS AFFECTING DELIVERY OF THE SCHEME?**

Risks have been set out at a high level in the Strategic Case, and then in further detail in the Management Case. The level of detail provided for risks to delivery is in line with what would be expected for a Strategic Case.

### **4.3 ECONOMIC CASE**

#### **4.3.1 GENERAL APPRAISAL ASSUMPTIONS**

The accompanying spreadsheets to support the appraisal have not been provided, therefore the level of interrogation possible has been relatively limited. The assessment has been made based on the best information available.

The WebTAG databook version used is not the most recent (May 2019). The appraisal base year is 2019, this is not in line with WebTAG guidance where the appraisal base year should be 2010, but does adhere to HM Treasury Green Book. The promoter states this is because this is not a Transport scheme. Use of a 2019 base year was accepted by SELEP / the ITE at OBC stage.

It is unclear whether the appraisal outputs have been presented in market or factor prices. The DfT toolkits (AMAT) will likely be output in market prices, however there appears to be no adjustment to costs. This could give a potential difference of 19% between the unit of account for costs and benefits.

Discounting has been applied to 2019, however it is unclear whether values used from the Databook and toolkits, that are discounted to 2010, have been adjusted for this.

The scheme opening year has been stated as 2024, it cannot be checked how this feeds into the benefits modelling. The appraisal period is deemed appropriate for the impacts considered. A 10-year appraisal is used for public realm ambience benefits, and a 30-year appraisal is used for all other impacts.

The MHCLG Appraisal Summary Table has been presented in the Economic Case, the standard DfT appraisal output tables (TEE, PA, AMCB and AST) have not been provided. This would be considered an omission for a business case submission to the DfT and is expected by SELEP (as one outputs required noted within the assessment template) for transport schemes. It still remains unclear how a scheme involving the appraisal of transport modes such as rail and pedestrians, with benefits attributed to these, could be considered not to be a transport scheme.

#### **4.3.2 CAPITAL COSTS**

The scheme costs in the FBC are stated to have been estimated in 2019 prices (with the exception of schedule 4 costs which are based on uplifted 2015 estimates). This is a noted improvement from the OBC when 2016 costs estimates were being used. However, the detailed cost plan provided as an appendix to the FBC states price base is 2Q2015, although it is noted there is an inflation allowance of 18.9% which is assumed to reflect the spend profile of the costs.

The total scheme cost presented of £28.7m (excluding OB) includes:

- Principal contractor/designer costs based on Volker Fitzpatrick estimate including the underpass, steps and ramps, structures, public squares and the Station Road diversion;
- Highways diversion contribution to maintenance
- COWD Network Rail
- Crown Road
- Public realm beyond red line
- Land acquisition
- Professional fees for urban realm design, land acquisition, legal support and other

The FBC states that more detailed costs will become available once Network Rail progress to GRIP Stage 3. It is highly unusual (and would be non-compliant for a DfT and Green Book FBC) for the scheme costs not be finalised (and ideally based on tender prices).

The literal definition of the Green Book FBC is the 'procurement phase':

### **Stage 3 – Procuring the solution and preparing the Full Business Case (FBC)**

*This is the procurement phase for the project, which results in the Full Business Case (FBC), following negotiations with potential service providers prior to the formal signing of the contract(s). The purpose of the FBC is to record the findings of the procurement phase and to identify the option that offers the 'most economically advantageous tender' (MEAT) and best public value. In addition, the FBC records the contractual arrangements, confirms affordability and puts in place the agreed management arrangements for the delivery, monitoring and post-evaluation of the project.*

It was noted within earlier discussion with the promoter and SELEP that costs wouldn't be tender prices within this FBC. That was accepted by SELEP who asked for the costs provided to be considered in terms of the potential certainty / risk, accepting them not being as advanced as is usual for an FBC.

Compared to the OBC, a more detailed breakdown of costs is provided and a funding profile. However, inflation is not presented separately within this funding profile so it is not clear what assumptions have been made. It is stated that inflation has been included in the Network Rail cost estimates, but no further detail is provided.

The spend profile shows that £5.1m is to be spent in 2019/20. Depending on what has been spent so far this financial year, this figure seems high given only five months remaining. The Economic Case includes costs spent in 2018/19 (£1.2m), if these costs have already been spent then they should be treated as 'sunk costs' in the appraisal and not included. This would affect the BCR and VfM category.

A Quantified Risk Assessment (QRA) exercise has not been conducted. This would be expected the FBC stage. A 30% allowance for risk is included in the scheme costs. Although this figure is deemed acceptable in terms of allowance, a QRA should have been carried out to identify and quantify risks to the scheme. Optimism Bias (OB) of 13.5% has been added to the scheme costs in addition to the 30% risk. In a noted change since the OBC, this OB is applied to all scheme costs as opposed to only public-sector costs. The 2018/19 present value of total project costs is presented as £30.7m

which includes optimism bias, the total public-sector cost is £25.8m. There does not appear to be conversion of these scheme costs to market prices.

It should be noted that if following a DfT methodology of cost development, OB would typically reduce at FBC stage compared to OBC stage as cost certainty increases (design advancement, risk mitigation or materialisation). It would however seem sensible to retain this level of OB in this case due to the fact that costs are still not tendered prices / are more uncertain than a typical scheme at FBC stage.

Thurrock Council will contribute £10.4m to the scheme costs, and an additional £1.2m of S106 funds held by the Council. This equates to a 40% local contribution, which is deemed reasonable. The FBC includes the revenue generated through development receipts, it is stated that Thurrock Council will take the risk on securing these contributions.

There is no cost inclusion for maintenance or whole life cycle costs of the scheme. It is stated that it is assumed that Network Rail will be responsible for the maintenance cost of the underpass given it forms part of the rail track infrastructure. The costs of maintaining the public realm elements of the scheme are not included. If these costs were included they would reduce the BCR, although it is noted that these costs are typically small in comparison to the scheme capital costs.

### 4.3.3 BENEFITS

The approach to benefits estimation appears similar in the FBC to that reviewed in the OBC. This included a blend of recognised appraisal tools, and bespoke analysis.

For the appraisal it has been assumed that the Do Minimum (DM) scenario sees the closure of the level crossing and the removal of the existing footbridge as it would not be fit for purpose for the increase in demand. In this scenario it has been assumed that the alternative route would be to walk to the next rail line crossing which is using the B189 road bridge. This distance is noted in Google to be ~300m, whereas the modelling in the FBC states 200m. The Do Something (DS) scenario assumes the closure of the level crossing and the development of the underpass and public realm squares. The increment of the DM and DS has been considered in two stages. The status-quo (the current situation with level crossing and footbridge) compared to the DM, and then the DS compared to the status-quo.

The appraisal included the following items:

- Safety benefits of reduced incidents as a result of level crossing closure
- Active mode appraisal to capture the impacts of changes in walking and cycling demand
- Public realm benefits capturing the benefits to pedestrians of improved infrastructure
- Journey time benefits of the underpass compared to the DM where the level crossing is closed
- Changes to Vehicle Operating Costs (VOCs) and external costs associated with driving due to modal shift
- Land value uplift associated with the housing development, noting this is included in the adjusted BCR.



The native appraisal spreadsheets have not been provided for review, therefore the results presented for the benefits cannot be fully reconciled. This also limits the depth to which calculations can be reviewed, as they can only be considered on the information provided as part of the FBC documentation. An example includes how 2010 present values (PV) from the DfT Databook being converted to 2019 PV cannot be reviewed, and whether this adjustment accounted for inflation, discounting and / or includes a market price adjustment.

#### **4.3.3.1 Mode shift**

The FBC considers mode shift in two stages – status quo compared to DM, and then DS compared to status quo. The first of these stages would see mode shift away from walking where the level crossing and footbridge is closed and pedestrians must now use the road crossing to the south. Bespoke analysis has been used to estimate the mode shift. The FBC states that 50% of walkers would switch modes if forced to walk greater than one mile. This assumption is largely unfounded/unsupported by evidence, and ignores that fact that pedestrians will be travelling for different purposes and between different origins and destinations that will ultimately affect this mode choice.

The FBC states that if the level crossing and existing footbridge were closed then 12% of trips would not be made. Again, this assumption is unsupported by evidence. This proportion is considered high given the relatively small increase in journey time/distance required to cross the rail line at the road bridge. Any consideration of mode shift to bus is excluded from analysis, this is seen as an oversimplification and oversight of the FBC.

The second stage then considers the mode shift when the underpass is constructed compared to the level crossing. In this scenario the FBC states the assumption that 5.5% of car users switch to walking. It is unclear from the FBC what population this 5.5% is captured from i.e. the area considered.

These assumed figures for mode shift are then fed into the estimation of impacts under the following headings.

At FBC stage it would be expected that this analysis of mode share would be considerably more detailed, incorporating the distribution of demand and drawing on an evidence base or standard modelling technique to estimate the mode shift. Given the use of these figures in the benefits estimation toolkits and calculations that feed into the appraisal, it would be expected that this methodology would have been considered in more detail.

#### **4.3.3.2 Accident reduction**

There is no change to the calculation of accident cost reduction as a result of removing the level crossing from the OBC. The approach to this calculation appears logical and uses values from the Databook (readjusted to 2019 prices and values).

#### **4.3.3.3 Active mode appraisal**

The health impacts (reduced risk of premature death and absenteeism) associated with changes in walking and cycling demand have been estimated using DfT's Active Mode Appraisal Toolkit (AMAT). This is a noted update from the earliest OBC draft, where World Health Organisations Health Economic Assessment Tool (HEAT) was used. The level of benefits generated through the AMAT are lower than previously estimated by the HEAT.

Within the tool a number of 'routes to impact' have been considered, capturing changes in active mode travel demand for different aspects of the scheme. It is unclear how the VOCs from 'reduction in driving and mode shift to walking relative to DM' is different from the external costs and VOCs for the 'reduction in distance driven relative to the DM' line. Some 'double counting' within the appraisal cannot be ruled out from this description alone.

#### **4.3.3.4 Urban realm impacts**

Public realm benefits have been quantified using TfL's Ambience Benefits Calculator (ABC). The tool has been used to estimate the impact between the status quo and DM, and then the DS and status quo.

The impacts considered included: provision of seating area, plants, well maintained areas, wider and conditioned pavements, improved lighting and signage, increase in safety. These impacts all seem reasonable given the scheme, however it should be noted that the public realm designs have not been finalised or included in the FBC, so no certainty can be placed on whether these items will or will not be included within the final scheme. The benefits attributable to this are therefore also less certain.

It should be flagged that the ABC tool has been developed by TfL, meaning it is reflective of values of time (and other parameters) in London. The FBC states that a high proportion of users of Grays station are travelling to London (justifying use of these values), however the level crossing and public squares will not only be used by rail passengers visiting London alone. It is accepted however London values of time provide a reasonably proxy of values of time for Thurrock.

#### **4.3.3.5 Changes in vehicle operating costs**

To estimate the change in vehicle operating costs (VOCs), the change in highway kilometres have been extracted from the AMAT tool. These removed kilometres are then combined with values from the Databook to estimate the change in VOCs.

This process, and the values used, cannot be verified. However, the approach appears reasonable and logical.

#### **4.3.3.6 Journey time impacts**

The journey time impacts reflect the additional time required to cross the rail line using the road bridge in the DM. A weighted average value of time (using databook values) has been applied to the added journey time. This approach seems logical and reasonable.



#### 4.3.3.7 Land Value Uplift

The argument for dependency in the FBC is relatively weak. It is stated that without the revised commercial development, the residential development would not come forward. However, it is not dependent from the perspective of delivering the underpass. There is also no guarantee of the development coming forwards and so it is not currently a committed part of the scheme.

The MHCLG ready reckoner tool has been used to estimate the Land Value Uplift (LVU) impacts. Feeding into this is an assessment of the deadweight and additionality. A high level of additionality has been applied based on evidence that currently identified housing sites are far below the requirements to reach targets. Therefore, it is argued that this housing development would not be being displaced from elsewhere.

It is noted that only the housing development is considered as an incremental change, given there is existing commercial development on the site that would be being replaced by the scheme. This seems reasonable.

It is unclear whether, or what magnitude, of development costs have been included in the LVU calculations. It is not clear whether the development is even viable, but it is noted that Thurrock Borough Council are taking the risk on the development receipts.

#### 4.3.4 BENEFIT COST RATIO AND VALUE FOR MONEY ASSESSMENT

The core Benefit Cost Ratio (BCR) for the scheme is presented as **2.3:1**, this does not include the benefits associated with the LVU due to residential development.

The Present Value of Benefits (PVB) is reported as £55.2m, summing the *Summary of net results* table in the Economic Case would suggest the PVB is in fact £58.1m. The Present Value of Costs (PVC) is reported as £30.9m (including optimism bias) for the total project costs, the costs to the public sector are reported as £25.8m. The total project cost includes the cost to the private sector of the development receipts. For the calculation of the BCR the cost to the public sector is used as the PVC i.e. the private sector contribution is not included. In line with guidance this cost to the private sector should be subtracted from the PVB, and included as revenue to the public sector in the PVB. It is unclear from the FBC submission whether the benefits and costs are in consistent prices, values and units of account. This does not give confidence that the BCR calculation is based on comparable costs and benefits.

The presented core BCR would suggest the scheme presents **High** Value for Money (VfM) (i.e. above 2.0). An adjusted BCR is also presented which includes the benefits generated through LVU. This adjusted BCR is 2.4:1, which also represents High VfM. LVU is typically used as a switching value in DfT appraisal (i.e. a level 3 benefit in the DfT Value for Money Framework, which isn't permitted to change the BCR, but can change the VfM category). However, it is noted that including these benefits does not change the VfM categorisation of the scheme.

Sensitivity testing has been conducted, assessing the sensitivity of the appraisal to changes in inputs. The results of the sensitivity analysis are presented on the adjusted PVB (including LVU),

whereas it would be expected they would be presented on the core scenario. The following tests have been run:

- Scenario 1: reduced mode shift to car use in DM relative to status quo. The central case assumed 25% of those who currently walk switch to car when faced with a longer journey, in this scenario this assumption is reduced to 12.5%. The FBC reports that this test reduces the adjusted BCR to 2.2:1, applying this reduction in benefits to the core scenario it is estimated it would reduce the core BCR to 2.1:1.
- Scenario 2: higher mode shift as a result of the underpass and public realm work. This test increased the assumed mode shift from car from 5.5% in the core scenario to 11%. The FBC states this test increases the adjusted BCR to 2.7:1. Applying the same increase to the core PVB results in a BCR of 2.6:1.
- Scenario 3: 50% of additional housing is generated by the scheme (42 homes). As the LVU is included in the adjusted BCR, this test will not change the core scenario BCR. The reduction in housing will reduce the adjusted BCR to 2.1:1.
- Scenario 4: Costs increased by 30% relative to the baseline excluding OB. The FBC presents an adjusted BCR of 2.1:1, applying this increase in costs to the core scenario results in a BCR of 1.9:1.

These sensitivity tests show that increase in scheme costs in excess of 30% could reduce the VfM category to medium.

When considering the VfM, the FBC also presents non-monetised impacts as a result of the scheme including increased connectivity and reduced severance as a result of providing the underpass, construction employment in the local area, attracting retailers to the town centre and increasing productivity of commercial space through evening economy.

## 4.4 FINANCIAL CASE

### 4.4.1 FINANCIAL ESTIMATES (CAPITAL)

The total project cost has been presented as £28.7m. These costs are stated to be based on estimates, and not tender prices as would be expected at FBC. In total, £10.8m of funding is being sought from Local Growth Funding (LGF) from SELEP. Funding for £3.7m of this has previously been provided by SELEP following the OBC. The FBC seeks the further £7.1m of funding.

The profile of spend by funding stream is not presented in the FBC. The spend profile is presented by cost type only. This spend profile is in line with the activities set out in the work programme appended to the Management Case. The spend profile shows that £1.2m of the £28.7m project cost was spent in 2018/19. It is stated that these costs have been adjusted for inflation, however no detail of this has been provided. These costs do not appear to include an allowance for monitoring and evaluation, the S151 officer letter states 'adequate revenue funding has been or will be allocated to support the post scheme completion of monitoring and benefits realisation reporting'. The capital costs include a risk adjustment of 30%. Although this is a reasonable level of risk to include, it would

be expected that by FBC level a QRA would have been carried out. It is noted that a detailed risk register has been appended to the FBC, however this has not been used to inform a QRA.

A detailed cost breakdown, significantly more detailed and advanced than the cost breakdown provided at OBC, has been provided for the principal contractor/designer costs based on Volker Fitzpatrick estimate including the underpass, steps and ramps, structures, public squares and the Station Road diversion. This cost estimate includes preliminaries and design team fees. It is again noted that this is an estimate, and not tendered costs (generally assumed to mean there is “cost certainty”) which are typically expected to be included within an FBC.

The other cost line items (highways diversion contribution, COWD Network Rail, Crown Road, public realm beyond red line, land acquisition, professional fees for urban realm design, land acquisition, legal support and other), are not supported by a detailed breakdown. Cost associated with these latter items therefore have much higher levels of uncertainty than the contractor cost estimates.

#### **4.4.2 FINANCIAL PROCEDURES**

The project is stated to be funded through:

- Thurrock Borough Council Capital Programme
- S106 funds held by Thurrock Council
- Network Rail
- Development receipts
- Funding sought through LGF (SELEP)

£5.6m funding has been assumed to come through development receipts as the housing development comes forward. The basis of this figure has not been provided. The FBC states that Thurrock Borough Council will take financial risk on this funding being secured. If these private sector funds do not come forwards (either in entirety or of this magnitude), the BCR would reduce as the costs to the public sector would increase.

The funding profile appears reasonable, with costs spread between 2018/19 and 2023/24. Construction costs are incurred between 2020/21 and 2023/24. The design and land acquisition costs are earlier in the funding profile as would be expected.

A Section 151 officer letter demonstrating funding commitment has been included as an appendix to the FBC.

According to the FBC, Network Rail are funding £0.7m to the scheme. This seems a limited financial contribution given their desire to close the crossing.

The funding risks section of the FBC is relatively limited given the scheme is at FBC. The main funding risks identified are the financial risk Thurrock Borough Council are taking on securing development receipts and uncertainty over Network Rail scheme costs until further through GRIP process (and that the Borough Council will take on risk of funding shortfall).

#### **4.4.3 FUNDING ESTIMATES (NON-CAPITAL)**

There has been no allowance in scheme costs for maintenance. The FBC states that this is due to difficulties in estimation prior to the design progressing further. Again, at FBC stage it would be expected that these costs would be accounted for. It is expected that Network Rail will be responsible for the maintenance of the underpass, however these costs have also not been included in the FBC. Including maintenance costs would decrease the BCR, if only marginally.

### **4.5 COMMERCIAL CASE**

#### **4.5.1 CONTRACTING AND PROCUREMENT**

Further detail of the contracting strategy has been added to the Commercial Case since the OBC stage. However, it is noted that there remains a level of uncertainty to the approach that will be used for contracting. The focus of an FBC is typically on the deliverability of a scheme and therefore it would be expected that this would be considerably more established. Similarly, a number of options for the procurement strategy are considered, with the advantages and disadvantages of both. However, there no definitive position on this has been presented, as would be expected. There has been no timeframe provided for procurement and contracting stages.

Evidence of previous procurement experience has been presented for Network Rail and Thurrock Borough Council. For Network Rail this is strong, and supported. For Thurrock Borough Council there are examples of infrastructure projects referenced, but there has been no link made of their relevance to the Grays South project.

#### **4.5.2 RISK ALLOCATION**

A high-level risk allocation between Network Rail and Thurrock Borough Council is presented in the Commercial Case. This is a noted updated from the OBC, however there remains limited detail presented.

As a QRA exercise has not been carried out, therefore there has been no allowance given to these allocations of risk.

### **4.6 MANAGEMENT CASE**

The Project Sponsor and Senior Responsible Officer (SRO) have been identified in the Management Case. The Grays Programme Board and Thurrock Council Project Team have also been identified. This is the level of detail that would be expected at FBC, and the membership within these boards/teams seems appropriate and well set out. Approval processes have been set out from the Thurrock Borough Council perspective. There is limited detail of processes for the Network Rail element of the scheme, it is stated that following GRIP Stage 3 approval processes this will be considered in more detail.

A comprehensive list of key stakeholders has been identified. There has been no detail provided of any stakeholder engagement to date, and it is only stated that an Engagement Plan is currently being drafted. By FBC, it would be anticipated that stakeholder engagement would have already

commenced. It is however noted that earlier public engagement had shown support for an underpass.

A risk register has been developed and appears to be updated periodically. The FBC states there are regular risk review meetings. Each risk has now been assigned an owner, target date and mitigation measures, which is a noted update from the OBC. It is unclear why this risk register has not been used to undertake a QRA exercise.

A detailed work programme has been provided as an appendix to the FBC. This is a noted update from the OBC where only a high-level chart was provided. This work programme allows the critical path and key dependencies to be identified. However, it is noted that Network Rail have not yet undertaken the required steps to develop the full detail of the rail element of the scheme, and this is likely to impact the critical path. It is observed that the work programme does not include the residential and commercial development.

A Monitoring and Evaluation Plan and Benefits Realisation Plan have been included as appendices to the FBC. The Plans are well developed and detailed. A Baseline Report has also been appended, although it is noted that much of this data (PERS walking audit, pedestrian counts, public perception, business survey) has not been included but stated to be commissioned in 2020. The level of detail of the Monitoring and Evaluation and Benefits Realisation Plans are as would be expected for an FBC.

## 5 OUTCOMES AND RECOMMENDATIONS

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There have been some marked improvements to the FBC compared to the earlier OBC iteration. These primarily relate to the deliverability of the scheme where more detailed cost estimates, a detailed work programme and risk register have been provided. It is noted there is still a level of uncertainty surrounding these documents through a lack of detailed specification of the Preferred Option, however their inclusion is more in line with expectations of a scheme at the FBC stage.

The Strategic Case has been strengthened through development of a strong narrative making the case for change. This now draws on more factual information to support assumptions of the DM scenario. The scheme objectives have been improved such that they are now SMART, and relate well to the monitoring and evaluation stages of the scheme development. Three options have been developed for the underpass and public realm configuration, this is an advancement since the OBC. Although it is noted that, at FBC, it would be anticipated that a Preferred Option had been identified, and other options would have been discarded through robust appraisal and consideration of strategic fit and value for money.

The scale of the benefits captured in the Economic Case seem reasonable. The active mode benefits are now captured using DfT's AMAT as opposed to WHO's HEAT, following recommendation from the OBC review. It is also noted that the LVU benefits associated with the residential development has been moved to the adjusted benefits and BCR, and the construction employment impacts have no longer been quantified or included in the benefits calculation. These updates are all seen to strengthen the Economic Case.

However, there are still aspects of the Business Case that generate some uncertainty at the FBC stage. These include:

- The objectives have been updated such that they are now SMART. However, scheme objectives should be set out to address the issues identified in the need for intervention, they should not be led by a specific intervention. The objectives related to delivery of residential and commercial floorspace are particularly scheme specific stating the number of houses which would be delivered and floorspace.
- The narrative surrounding the current problems is largely unsupported by data and evidence, with the exception of the safety issue where detail of the ALCRM rating is given.
- A detailed Preferred Scheme has not been identified, and the evidence of discounting other options is purely qualitative and is not driven through analysis or appraisal.
- It is not clear whether consistent units of account have been used throughout the economic appraisal (i.e. factor or market prices, discounting adjustments to databook values).
- A far greater level of detail has been added to the scheme costs since the OBC. However, as the scheme design has not been confirmed, these costs are at risk of change. A 30% risk allowance has been included. However, a detailed QRA exercise has not been undertaken as would be expected. The sensitivity testing showed that an increase of 30% in scheme costs, which is not uncommon for a scheme at this level of design, could reduce the VfM category to medium.



- No maintenance costs have been included for the scheme, although it is noted the inclusion of these is unlikely to have a significant impact on the VfM.
- The approach to estimating the mode shift to/from walking in the DM and DS is non-standard. No supporting evidence (spreadsheets) have been provided and the assumptions used are largely unfounded. These values feed into the various impacts measured.
- There is a possibility of some double-counting of benefits within the assessment of health impacts, this could impact on the level of benefits generated by the scheme and, if confirmed, could result in a downward adjustment.
- It is unclear what inflation assumptions have been applied to the scheme costs. This could impact the costs within the Economic and/or Financial Cases.
- There is no confirmed approach to the procurement and contracting strategies of the scheme. By FBC this would be expected to be in place and well documented in the Commercial Case.

The certainty of the economic appraisal is considered to be **medium/low**. This rating is lower than that provided for the OBC review, this is to reflect that although there have been refinements and additions (improvements) to the detail provided in the Business Case, the level of expectation is raised when a scheme is at FBC. By this stage there should be certainty, and where not, sufficient and calculated risk allowance, to give confidence that the scheme could be delivered and work could begin immediately. The Business Case content does reflect more, the content of a business case still at OBC rather than FBC.

Although the risk of scheme cost increases sits primarily with Thurrock Borough Council, (as confirmed by the S151 officer letter underwriting any cost increase), there remains a risk to SELEP that should any cost increases rise to an extent to which Thurrock consider them to be unaffordable and decide not to deliver the scheme, any funding SELEP has already provided or could provide in the future would also be at risk.

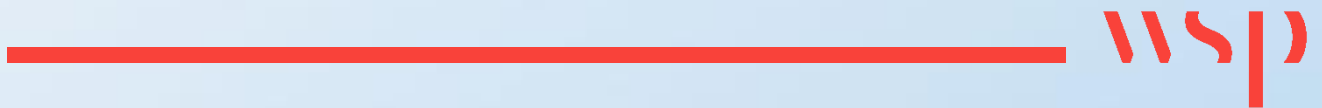
In summary, the need for the scheme is very strong, without it a high street will be severed with clear and tangible social and economic disbenefits. The proposed scheme would address this and could bring about additional economic benefits, which as appraised here, seem reasonable in terms of the expected magnitude of costs and benefits. However, reasonably high levels of uncertainty do need to be applied to both scheme costs and the resulting BCR and VfM category because none of the scheme costs relate to actual contractor tender prices, which would be typical and expected at FBC stage.

Without the inclusion of contractor tender prices, and a design for *all* elements of the scheme, which would enable the scheme to go out to procurement, it is unclear how this FBC differs from what is typically expected to be contained within an OBC.

The scheme still appears to be a good scheme for SELEP to invest in, but that investment needs to be considered in the context of the limited certainty around the outturn cost estimates and programme and the resultant impact that may have on affordability and Value for Money.

# Appendix A

## **SELEP BUSINESS CASE ASSESSMENT PRO-FORMA**









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**Forward plan reference number:** FP/AB/488,  
and FP/AB489

<b>Report title:</b> Local Growth Fund - High Risk Project Update Report	
<b>Report to:</b> Accountability Board	
<b>Report author:</b> Howard Davies, SELEP Capital Programme Officer	
<b>Meeting date:</b> 11 February 2022	<b>For:</b> Note
<b>Enquiries to:</b> <a href="mailto:howard.davies@southeastlep.com">howard.davies@southeastlep.com</a>	
<b>SELEP Partner Authority affected:</b> Thurrock and Kent	

## 1. Purpose of report

- 1.1. The purpose of this report is for the Accountability Board (the Board) to receive an update on the delivery of the following Local Growth Fund (LGF) projects which are currently ranked as high risk: A13 Widening and A28 Sturry Link Road.

## 2. Recommendations

- 2.1. The Board is asked to:

### A13 Widening

2.1.1. **Note** the update on the Project

2.1.2. **Note** that a further update will be brought to the April 2022 Board meeting

### A29 Sturry Link Road

2.1.3. **Note** the update on the Project

2.1.4. **Note** that a further update will be brought to the April 2022 Board meeting

### A13 Widening

## 3. Summary Position

- 3.1. The Project involves widening the A13 Stanford le Hope Bypass from 2 to 3 lanes in both directions, from the junction with the A128 (Orsett Cock roundabout) in the west to the A1014 (the Manorway) in the east. Once the Project is completed, there will be a continuous three-lane carriageway from the M25 to Stanford le Hope, which will reduce congestion, improve journey times and support further economic growth.

- 3.2. 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.
- 3.3. 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 approved by the Board in March 2017, a further £5m LGF having been awarded by SELEP and approved by the Board in April 2016, towards the early development stage of the Project.
- 3.4. 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.
- 3.5. 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 would underwrite any further funding shortfalls that might arise. This would 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.
- 3.6. The project received an additional £1.5m LGF at the March 2021 Board meeting, as the Project had seen costs rise mainly due to the impact of the Covid-19 pandemic.
- 3.7. The Project is also requesting an additional £1m of LGF through the project pipeline if LGF becomes available. The Project is sixth on the pipeline and the award of any LGF funding which becomes available as a result of decisions taken at this meeting will be considered under Agenda Item 14.
- 3.8. As the project is nearing completion a discussion with Thurrock Council will be necessary on the requirement for further funding. Should the project no longer require this additional funding, the Board will be asked to remove the project from the pipeline at their meeting in April 2022. The Strategic Board will be asked to note the decision at its meeting in June 2022.
- 3.9. Project costs have risen since business case submission, and these costs continue to be met by Thurrock Council, as per the terms of Service Level Agreement between SELEP Ltd., Essex County Council (as Accountable Body for SELEP) and Thurrock Council.
- 3.10. In November 2021 the Board received an update on the Project and the issues which have arisen through the delivery of the project to date which have impacted on the timescales and the budget required to complete the delivery of the project.
- 3.11. Project Background is set out in Appendix A.

#### **4. Project Update**

## Local Growth Fund - High Risk Project Update Report

- 4.1. The new year saw a slightly slower start to works with a small peak in Covid-19 related sickness, supply chain problems and the laying of black top which is affected by temperature changes.
- 4.2. Key areas of work are focussed on:
  - 4.2.1. Completion of the Orsett roundabout traffic island works
  - 4.2.2. Completing the majority of main route traffic sign installations.
  - 4.2.3. Completing remaining street lighting ducting and chambers
  - 4.2.4. . Continue the final surface course to Orsett Roundabout.
- 4.3. Road closures are planned to allow for surfacing and lining work in the coming weeks.
- 4.4. The Board were given an overview on the type of contract entered into and the issues that had arisen as part of that agreement in July 2021. An agreement was reached with Kier (the main contractor) on costs to the end of 2020/21. As to be expected, there are a number of relatively minor Compensation Events outstanding which continue to be worked through. The number of Compensation Events is continuing to fall and these are now being dealt with as they arise.
- 4.5. Key risks to the overall project delivery are:
  - 4.5.1. Slow progress from Environment Agency for approval to remove water (Abstraction Licence) for construction of the balancing pond liner. It is understood that a verbal update from the Environment Agency has ensured that the license will be in place prior to the opening of the road in March 2022. Thurrock Council and their contractor to continue to chase written confirmation.
  - 4.5.2. Defect correction activities (this is the period of time allowed for any defects to be corrected and is set out in the NEC contract). All parties are involved in discussions to resolve these matters as speedily as possible. The Defects Correction Period for the Project is 12 months.
- 4.6. Due to the delays to the Project, highlighted above, completion is now expected in March 2022, rather than February 2022, as previously reported at the November 2021 Board.
- 4.7. The March 2022 completion date will signal the end of main highways works and the road will be operational. Currently there will be works to be finished after the main highways works are complete, including delayed balance pond works and planting. It is expected that these works will be completed in Summer 2022. Should seasonal requirements for planting require that this takes place in November 22 as anticipated, the planting work will be removed from the main contract and procured separately (this work will be removed from the main contract).
- 4.8. Table 1 shows the updated spend to date for the Project, including spend to the end of the third quarter 2021/22.

## 5. Update on Project Costs

- 5.1. The revised expenditure profile remains subject to change as commercial discussions continue through to the end of the Project.
- 5.2. The Board were advised of forecast total costs for the project at the September 2021 meeting, and it has been advised that costs remain broadly in line with the forecasts presented. If total forecasts change and the Project is not completed by March 2022, an update to reference the forecast costs will be provided at the April 2022 Board meeting .
- 5.3. Table 1 shows the spend profile to the end of December 2021. To note, this includes planned spend of £1m of LGF that remains subject to additional LGF becoming available and being approved by the Board; if this £1m is not awarded, Thurrock Council will be responsible for addressing this budget gap through alternative funding sources.

**Table 1 – Project Spend to Date £m**

	Public Report									2021/22	Total
	2016/17	2017/18	2018/19	2019/20	2020/21	Q1 2021/22	Q2 2021/22	Q3 2021/22	Total		
LGF Development Funding	2.709		2.291						5.000		5.000
LGF DfT Retained Scheme Funding		13.408	11.483	32.657	8.510				66.058		66.058
Additional LGF - awarded July 2020					8.942				8.942		8.942
Additional LGF - allocated to the project in March 2021					1.500				1.500		1.500
Additional LGF (subject to additional LGF becoming available)					0.000				0.000	1.000	1.000
Third Party			0.024	0.345	7.855				8.224		8.224
Thurrock Council					8.062	10.649	7.447	6.837	32.995		32.995
Adjustment			-0.172	0.172					0.000		0.000
<b>Total Project Cost</b>	<b>2.709</b>	<b>13.408</b>	<b>13.626</b>	<b>33.174</b>	<b>34.869</b>	<b>10.649</b>			<b>122.719</b>	<b>1.000</b>	<b>123.719</b>
	Actual Spend										

- 5.4. As part of the Project's application seeking additional LGF at the March 2021 Board meeting, a review of the Value for Money (VfM) was undertaken and assessed by the Independent Technical Evaluator (ITE). This demonstrated 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 considered the benefits of the scheme with the impacts of Lower Thames Crossing included was also presented. In this scenario the scheme had a BCR of 2.5:1 which falls within the "high" value for money category. This is set out under Appendix A as attached to Agenda Item 8.

## 6. Next Steps

- 6.1. A further update will be presented to the Board in April 2022, including an update on project costs and progress on delivery of the Project.

### A28 Sturry Link Road

## 7. Summary Position

- 7.1. The Project involves the delivery of a new link road between the A291 and A28, to the southwest 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. Further information on the Project can be found in Appendix B.
- 7.2. 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.
- 7.3. In November 2021, the Board agreed that the deadline for the completion of the required land acquisition could be extended to 31 August 2023 and that the remaining £4.656m LGF could be transferred to Kent County Council on the condition that this updated land acquisition deadline is met.
- 7.4. This report will give an update on the following:
  - 7.4.1. progress towards the completion of the land acquisition process; and
  - 7.4.2. update on procurement for the design and build contract.
- 7.5. Project Background is set out in Appendix B

## **8. Project Update**

- 8.1. The deadline for land acquisition which was agreed at the November 2021 Board meeting (being August 2023) is achievable even if a CPO is required and where there is a level of objections which require a Public Inquiry to take place.
- 8.2. It should be noted that initial discussions regarding the required land acquisition have been held with the affected landowners. Negotiations with the different landowners are at varying stages but it is anticipated that it will be possible for the majority of the land to be secured through voluntary acquisition. The CPO is being progressed in parallel to the negotiations in case it is required.
- 8.3. The Project, whilst not yet delivered, has already succeeded in unlocking the associated housing development sites. The earlier uncertainty around the planning consent for the Project did impact on the delivery programme for the residential developments. Now that planning permission is in place the programme shown in Appendix B, fits with the build out timescales for the housing. In addition, the revised programme aligns with the current programme for the second part of the link road which is being delivered by the residential developers.
- 8.4. Carter Jonas have now been engaged as property consultants to progress the voluntary land negotiations.
- 8.5. Expressions of interest have been sought for the design and build contract. Six contractors with the appropriate skills and experience have completed the selection questionnaire,

these will be assessed to identify the best four tenderers to take through to the next stage of the procurement process.

## 9. Project Costs and Funding

- 9.1. The £5.9m LGF funding contribution forms part of a complex funding package, which also includes S106 contributions arising from a number of different developments, as shown in Table 2.
- 9.2. To date £1.244m of the LGF allocation has been transferred to Kent County Council and this funding has been spent on design, surveys, project management and planning costs. These costs have all been capitalised by Kent County Council and therefore this spend meets the conditions attached to the LGF funding, subject to the future construction of the Project.
- 9.3. At the November 2021 Board meeting, it was agreed that the remaining £4.656m LGF should be transferred to Kent County Council on condition that the land acquisition be completed by 31 August 2023.
- 9.4. The funding package presented to the Board in November 2021 remains the same and is shown in Table 2

**Table 2: Funding Package A28 Sturry Link Road**

Funding Source	Application in year in £000s									Total
	To date	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	
Local Growth Fund	1,111	181	4,608							5,900
KCC Forward Funding					600	6,100	-2,600	-2,600	-1,500	0
Herne Bay S.106	250									250
Hopland S.106	1,200								-1,200	0
Sturry S.106					1,100	2,063	2,063	2,063	1,513	8,800
Broad Oak S.106				825	2,063	2,063	2,063	1,788		8,800
North Hersden S.106						2,000	1,650	1,050	1,125	5,825
<b>Totals</b>	<b>2,561</b>	<b>181</b>	<b>4,608</b>	<b>825</b>	<b>3,763</b>	<b>12,225</b>	<b>3,175</b>	<b>2,300</b>	<b>-63</b>	<b>29,575</b>

- 9.5. Approval from Kent County Council for the planned forward funding approach, set out above (Table 2) was agreed at their Capital Officers Group meeting on 15 November 2021.

## 10. Next Steps

- 10.1. A further update will be presented to the Board in April 2022, including an update on the tender process to procure contractors for the next design and build contract and progress on delivery of the Project. S.106 agreements are index linked to any rising costs of the project.

## 11. Financial Implications (Accountable Body comments)

- 11.1. There continue to be a number of challenges to completion of the projects in this report, albeit that the majority of the LGF will have been spent by the end of 2021/22; this presents risks on assuring delivery of the expected outcomes, given the lack of certainty on the timelines for completion of the projects.



- 11.2. 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.
- 11.3. 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.
- 11.4. All LGF is transferred to Thurrock Council and Kent County Council, as the Project Lead Authorities, under the terms of a Funding Agreement or SLA which makes clear that funding can only be used in line with the agreed terms.
- 11.5. 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.

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

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

## **13. Equality and Diversity Implications**

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

## **14. List of Appendices**

- 14.1. Appendix A – A13 Widening Project Background
- 14.2. Appendix B – A28 Sturry Link Road 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)

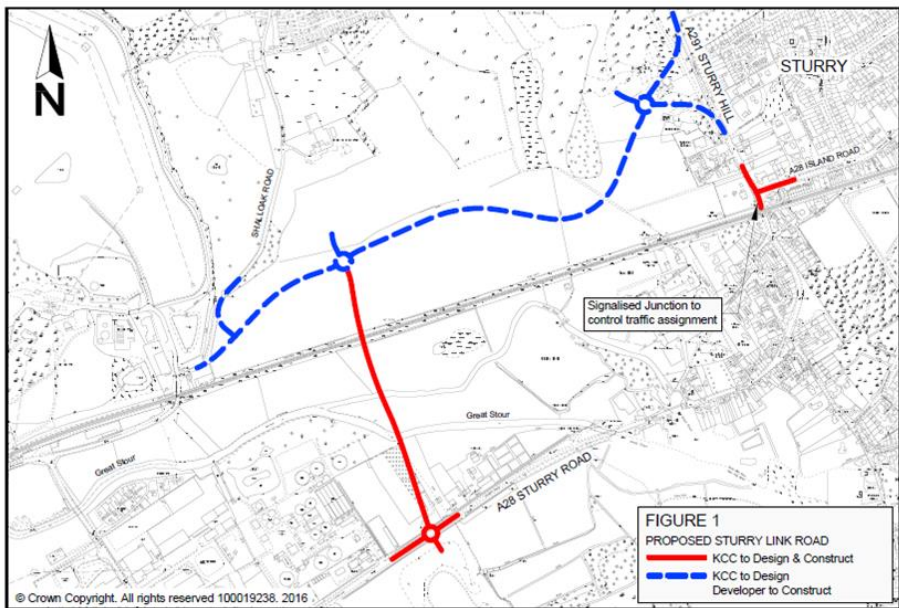
Role	Date
<b>Accountable Body sign off</b>  Stephanie Mitchener  (on behalf of Nicole Wood, S151 Officer, Essex County Council)	  03/02/2022

## Appendix A – LGF Project Background Information

Name of Project	A13 Widening  Thurrock Council													
Local Growth Fund (LGF) allocation	<table><tr><th>Date of award</th><th>Amount (£m)</th></tr><tr><td>April 2016 (LGF Development Funding)</td><td>5.000</td></tr><tr><td>March 2017 Accountability Board (DfT)</td><td>66.058</td></tr><tr><td>July 2020 Accountability Board (DfT)</td><td>8.942</td></tr><tr><td>March 2021 (Additional LGF)</td><td>1.500</td></tr><tr><td>Total</td><td>81.500</td></tr></table>		Date of award	Amount (£m)	April 2016 (LGF Development Funding)	5.000	March 2017 Accountability Board (DfT)	66.058	July 2020 Accountability Board (DfT)	8.942	March 2021 (Additional LGF)	1.500	Total	81.500
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July 2020 Accountability Board (DfT)	8.942													
March 2021 (Additional LGF)	1.500													
Total	81.500													
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.													
Project benefits	<p>When complete in March 2022, 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.</p> <p>In March 2022 the Project is expected to have reached the point where main highway works have completed, allowing free flow of traffic. However, there will be works ongoing off the highway, as set out in the report. Works to complete the balancing pond and seasonal planting will be ongoing. It is likely that the seasonal planting will take place later in 2022 and outside of the main contract. The main contract has a 12 month Defect Correction Period.</p>													
Project constraints	<ul style="list-style-type: none"><li>Increased Project costs have been a major cause for concern.</li><li>Contract issues around Compensation Events have added to the rising costs.</li><li>Covid-19 increased delays and added pressure to costs.</li></ul> <p>Current key risks are:</p> <ul style="list-style-type: none"><li>slow progress from Environment Agency around specific approvals and</li><li>defect correction activities which are taking longer to resolve than expected.</li></ul> <p>The Project is nearing completion, with the main works expected to complete in March 2022.</p>													

<b>Link to Project page on the website with full Business Case</b>	<a href="https://www.southeastle.com/project/a13-widening/">https://www.southeastle.com/project/a13-widening/</a>
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## Appendix B – LGF Project Background Information

<b>Name of Project</b>	<p>Sturry Link Road, Kent</p> <p>Kent County Council</p>
<b>Local Growth Fund (LGF) allocation</b>	<p>£5.9m – Awarded in June 2016</p>
<b>Description of what Project delivers</b>	<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><b>Figure 1 A28 Sturry Link Road</b></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</p>

	passing per hour, the level crossing is closed for up to 20 minutes/hour during peak times, causing severe congestion to trips along the A28. This level of congestion is a major constraint on development to the north east of Canterbury.																
<b>Project benefits</b>	<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"><li>• Broad Oak Farm and Sturry – 1106 homes;</li><li>• Hoplands Farm, Hersden – 250 homes;</li><li>• Colliery Site, Hersden – 370 homes;</li><li>• North Hersden – 800 homes;</li><li>• Other sites in the north eastern quadrant of Canterbury District</li></ul>																
<b>Project Programme</b>		<table><tr><th>Task</th><th>Timeline</th></tr><tr><td>Procurement for Design and Build Contract</td><td>Sep 2021 - May 2022</td></tr><tr><td>Voluntary Land Negotiations</td><td>Sep 2021 - May 2022</td></tr><tr><td>Compulsory Purchase Orders if required</td><td>Sep 2021 - Aug 2023</td></tr><tr><td>Design Phase</td><td>May 2022 - Mar 2023</td></tr><tr><td>Advance site clearance and environmental mitigation</td><td>May 2022 - Jul 2023</td></tr><tr><td>Main works construction</td><td>Aug 2023 - Jun 2025</td></tr></table>	Task	Timeline	Procurement for Design and Build Contract	Sep 2021 - May 2022	Voluntary Land Negotiations	Sep 2021 - May 2022	Compulsory Purchase Orders if required	Sep 2021 - Aug 2023	Design Phase	May 2022 - Mar 2023	Advance site clearance and environmental mitigation	May 2022 - Jul 2023	Main works construction	Aug 2023 - Jun 2025	
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Design Phase	May 2022 - Mar 2023																
Advance site clearance and environmental mitigation	May 2022 - Jul 2023																
Main works construction	Aug 2023 - Jun 2025																
<b>Project constraints</b>	Land Acquisition remains a risk and may require a Compulsory Purchase Order to support the acquisition.																
<b>Link to Project page on the website with full Business Case</b>	<a href="https://www.southeastlep.com/project/a28-sturry-link-road/">https://www.southeastlep.com/project/a28-sturry-link-road/</a>																

**Forward plan reference number:** FP/AB/490

<b>Report title:</b> Local Growth Fund – Maidstone Integrated Transport Package Project Update Report	
<b>Report to:</b> Accountability Board	
<b>Report author:</b> Helen Dyer, SELEP Capital Programme Manager	
<b>Meeting date:</b> 11 February 2022	<b>For:</b> Decision
<b>Enquiries to:</b> <a href="mailto:helen.dyer@southeastlep.com">helen.dyer@southeastlep.com</a>	
<b>SELEP Partner Authority affected:</b> Kent County Council	

## 1. Purpose of report

- 1.1. The purpose of this report is for the Accountability Board (the Board) to receive an update on the delivery of the Maidstone Integrated Transport Package Local Growth Fund (LGF) project (the Project) which is currently ranked as high risk.
- 1.2. In September 2021, the Board were advised that the listed building consent for the relocation of the ragstone wall at Mote Park, required to enable delivery of Phase 1 of the Project, was expected to be in place by December 2021 and it was agreed that an update on the status of this consent should be provided at this meeting.

## 2. Recommendations

- 2.1. The Board is asked to:
  - 2.1.1. **Note** the update on project delivery.
  - 2.1.2. **Agree** to allow the Project until the April Board meeting (29 April 2022) to secure the listed building consent required to enable the relocation of the ragstone wall associated with Mote Park (required to enable delivery of Phase 1 of the Project).
  - 2.1.3. **Note** that a further delivery update will be brought to the April 2022 Board meeting, which will include confirmation as to whether the required consent to relocate the ragstone wall has been secured.

## 3. Summary Position

- 3.1. The Project has been awarded a total of £8.9m LGF. This funding has been approved by the Board through a series of decisions taken throughout the Growth Deal period.
- 3.2. The project consists of a package of transport interventions aimed at reducing congestion and easing traffic movements at pinch point locations within Maidstone. The Project is split

into three separate phases, with each phase at a different stage of development as set out below.

- 3.3. In November 2021, the Board noted that a further delivery update would be brought to this Board meeting. This report includes an update on progress towards securing the required consent to relocate the ragstone wall, progress towards delivery of all phases of the Project and a funding breakdown which sets out the split of LGF funding between the elements of the project.
- 3.4. Further information on the Project is set out in Appendix A.

#### **4. Project Update**

##### **Phase 1 – A20 Ashford Road junction with Wilmington Street**

- 4.1. The works delivered through this phase of the Project will include an upgrade to the traffic lights at the junction to include a pedestrian crossing, the creation of a new lane for vehicles turning left into Ashford Road from Wilmington Street, the creation of a new lane for vehicles turning right into Wilmington Street from Ashford Road and a rebuild of the current ragstone boundary wall of Mote Park so it is 4 metres closer to the park. £1.802m LGF has been allocated to the construction of this phase of the Project.
- 4.2. It was initially anticipated that planning consent was required to enable the relocation of the ragstone boundary wall of Mote Park. However, in September 2021 the Board were advised that the wall could be repositioned under permitted development rights but that listed building consent would be required. At that stage it was noted that a pre-application meeting had taken place with Maidstone Borough Council and that it was expected that the required consent would be secured by December 2021.
- 4.3. The listed building consent application was considered by Maidstone Borough Council Planning Committee on 16 December 2021. The Planning Committee chose to defer a decision on the application to the next planning committee meeting. The grounds for the deferral were to:
  - 4.3.1. Seek clarification on why the listed wall needed to be re-positioned to accommodate the junction improvement works;
  - 4.3.2. Request that a Kent County Council Highways Officer attend Planning Committee to clarify the predicted capacity improvements; and
  - 4.3.3. Clarify further the public benefits of the proposal.
- 4.4. It is now expected that a decision will be made on the listed building consent application on 17 February 2022.
- 4.5. The indicative programme, which is subject to receipt of listed building consent for the relocation of the ragstone wall, is in line with the update given to the Board in November 2021. Works are expected to start on site in Spring 2023, with completion anticipated by December 2023.



## **Phase 2 – Coldharbour Roundabout and A20 London Road/Hall Road, Aylesford**

- 4.6. The Coldharbour Roundabout element of this phase will enlarge the roundabout to allow 3 lanes of traffic to circulate it. In addition, the existing traffic signals will be removed and replaced with give way markings. The proposed works are expected to improve capacity of the roundabout by 60% in the morning peak and 40% in the evening peak. £4.583m LGF has been allocated to the construction of this phase of the Project.
- 4.7. The detailed design for the Coldharbour Roundabout improvements has now been completed and the required acquisition of third-party land has been agreed.
- 4.8. Procurement of a construction contractor is expected to begin in February 2022, with a view to appointing a contractor in Summer 2022. Construction is expected to start with off-carriageway works in Autumn/Winter 2022 with co-ordination alongside the A249 Bearsted Road improvement scheme, to avoid unacceptable conflicts with roadworks near two key junctions of the M20. Completion of the Coldharbour Roundabout improvements is expected in Summer/Autumn 2023.
- 4.9. The A249 Bearsted Road improvement scheme is separate to the Project and is not in receipt of LGF funding. However, due to its proximity to the planned LGF funded works, the improvement scheme needs to be factored into the programming of the LGF works to ensure that impacts on the road network are maintained at an acceptable level throughout the construction programme.
- 4.10. The A20 London Road/Hall Road, Aylesford scheme will remove the current signalised crossroads junction and replace it with a non-signalised roundabout. The works will also include bus stop improvements, cycle and pedestrian facilities and sustainable drainage. The new roundabout has been designed to accommodate the potential increase in traffic over the next 30 years, including local residential development and will deliver journey time improvements and improved junction safety.
- 4.11. The proposed improvements at the A20 London Road/Hall Road junction continue to be developed alongside the Coldharbour Roundabout scheme. Contractor procurement and construction of the improvements to the A20 London Road/Hall Road junction will follow on from the delivery of the Coldharbour Roundabout improvements, subject to the availability of road space. The delivery of the two elements of this phase of the Project will be closely linked due to their proximity and the need to reduce impacts on both the local road network and the M20 corridor.

## **Phase 3 – A229 Loose Road corridor, Maidstone**

- 4.12. The A229 Loose Road corridor is made up of 4 junction improvements on the strategic route leading in and out of Maidstone Town Centre as follows:
  - 4.12.1. A229 Loose Road junction with the A274 Sutton Road (Wheatsheaf Junction)
  - 4.12.2. A229 Loose Road junction with Armstrong Road/Park Way
  - 4.12.3. A229 Loose Road junction with Sheals Crescent

4.12.4. A229 Loose Road junction with Cripple Street/Boughton Lane

- 4.13. £2.000m LGF has been allocated to the construction of this phase of the Project.

A229 Loose Road junction with A274 Sutton Road (Wheatsheaf Junction)

- 4.14. This element of the Project will see the demolition of the existing Wheatsheaf Public House. The adjoining side road, Cranbourne Avenue, will be permanently closed to allow improved capacity benefits and the current traffic signal crossroads will be replaced with a reconfigured signalised junction.
- 4.15. The planning consent for the demolition of the Wheatsheaf Public House was approved on 24 June 2021. An Historic England Level 1 and 2 Heritage Assessment of the building has been completed, and a Level 3 Survey is currently being programmed with completion expected in February 2022.
- 4.16. Due to the constraints on road space and clashes with other projects, the construction of this scheme will be split into phases. The first phase will see a trial closure of Cranborne Avenue. The closure of this junction is a key component of the final design solution and will allow additional traffic data to be collected on how the junction will operate with the Cranborne Avenue phase of the signals removed. This will be a significant benefit and will allow refinements to the layout to be made based on real information, rather than modelling data. It is also expected that the closure itself will provide some capacity benefits in the short term ahead of the second phase of the scheme being implemented, which will include the demolition of the pub and construction of the new junction.
- 4.17. The trial closure of Cranborne Avenue will be implemented through an Experimental Traffic Regulation Order (ETRO). This ETRO must be in place for a minimum of 6 months and up to maximum period of 18 months. The trial closure of Cranborne Avenue is currently scheduled to commence in week commencing 14 February 2022, with the expectation that the order will be made permanent during September 2022.
- 4.18. The construction works associated with the second phase of the scheme are currently expected to be carried out between Spring 2023 and Spring 2024.

A229 Loose Road junction with Armstrong Road

- 4.19. This element of the Project is a relatively small junction improvement that requires the relocation of the existing pedestrian crossing to the southern side of Loose Road which will allow the inclusion of a dedicated right turn lane to remove the existing blocker to free-flow of traffic for vehicles exiting the town.
- 4.20. These works fall under permitted development rights and detailed design work is progressing. It is anticipated that this element of the Project can be delivered ahead of the Wheatsheaf Junction improvements, using Amey who are Kent County Council's term contractor.
- 4.21. Discussions are currently ongoing with the Kent County Council Street Works team to establish if it is possible to deliver this element of the scheme during the summer school

holiday period, so as to minimise the impact on road users. If this is possible, contingent upon road space being available, the junction improvements could be delivered by Spring 2023.

#### A229 Loose Road junction with Sheals Crescent

- 4.22. This element of the overall project will provide a filter straight into Sheals Crescent for southbound traffic by removing the need for traffic to give way when turning right into Sheals Crescent from Loose Road.
- 4.23. It is anticipated that these improvements will be delivered in conjunction with the works at the Armstrong Road junction.

#### A229 Loose Road junction with Boughton Lane/Cripple Street

- 4.24. The current configuration of this junction is a staggered crossroads which does not have the ability to ‘square’ up. The aim of this scheme is to allow for additional capacity to move freely through the junction.
- 4.25. Following recent consultation, the design for this element of the Project is currently being reviewed. The indicative programme provided shows works potentially commencing onsite in Summer 2023, with completion anticipated in Spring 2024.

## 5. Project Costs and Funding

- 5.1. A funding breakdown which sets out the split of the LGF funding between the different phases of the Project is shown in Table 1 below.

***Table 1: Split of LGF funding between the different phases of the Maidstone Integrated Transport Package (the Project)***

	Actuals (£m)					Forecast (£m)			
	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	Total
Coldharbour Roundabout	0.054	0.092	0.261	0.212	0.118	0.517	1.210	0.020	<b>2.483</b>
London Road/Hall Road	0.029	0.575	0.000	0.246	0.165	0.205	0.860	0.019	<b>2.100</b>
Ashford Road/Wilmington Street	0.180	0.389	0.109	0.093	0.072	0.115	0.822	0.022	<b>1.802</b>
Loose Road corridor	0.000	0.000	0.242	0.854	0.563	0.075	0.266	0.000	<b>2.000</b>
Project management	0.002	0.057	0.055	0.113	0.110	0.087	0.080	0.009	<b>0.515</b>
<b>Total spend</b>	<b>0.265</b>	<b>1.114</b>	<b>0.668</b>	<b>1.517</b>	<b>1.028</b>	<b>1.000</b>	<b>3.238</b>	<b>0.070</b>	<b>8.900</b>

## 6. Options available to the Board

- 6.1. In February 2021, the Board approved the transfer of the remaining £4.1m LGF allocation to Kent County Council prior to the end of 2020/21 on the condition that the remaining outstanding consents to enable project delivery were secured by 1 September 2021. This condition was not met and it was agreed at the September 2021 Board meeting to allow the Project additional time to secure the outstanding listed building consent for the relocation of the ragstone wall associated with Mote Park.
- 6.2. As outlined at the start of this report, the Board were informed in September 2021 that the listed building consent for the relocation of the ragstone wall, required to enable delivery of Phase 1 of the Project, was expected to be in place by December 2021. This timeline was reiterated at the November 2021 Board meeting.
- 6.3. Whilst the listed building consent application was considered by Maidstone Borough Council Planning Committee in December 2021 as anticipated, the decision on the application was deferred to the next Planning Committee meeting which is scheduled to take place on 17 February 2022. The grounds for the deferral are set out in section 4.3 of this report.
- 6.4. The reasons for deferral of the application focus on the need for additional information to allow the Planning Committee to make a more informed decision and it is anticipated that Kent County Council will be able to respond fully to these points at the next Planning Committee meeting. Given that it is anticipated that listed building consent will be secured within 1 week of this Board meeting, it is recommended that the Board agree that the Project be allowed until 29 April 2022 (the next Board meeting) to secure the outstanding listed building consent.
- 6.5. Other options available to the Board at this meeting include:
- 6.5.1. The reallocation of the £1.802m LGF which is allocated to the delivery of phase 1 of the Project, as this is where the outstanding planning consent sits. This option is not recommended at this stage as, based on the information provided, the Project remains deliverable and steps are being taken to secure the required permission to relocate the ragstone wall, with a clear programme provided.
- 6.5.2. Placing LGF spend for all phases of the Project on hold whilst awaiting the award of the final consent. This option is not recommended as it would have a detrimental impact on the progress of the two phases which are unaffected by the outstanding planning consent. Even placing LGF spend on phase 1 of the Project on hold would be detrimental to progress as other workstreams are continuing, alongside the planning application, including detailed design.
- 6.6. It is recommended that whilst the Project is allowed additional time to secure the outstanding listed building consent, that progress towards project delivery continues to be monitored with an update provided to the Board in April 2022. If the update in April demonstrates that the listed building consent has been granted and that progress has been made towards Project delivery, the Board will be asked to agree that the full £8.9m LGF allocation should remain allocated to the Project and that delivery of all three phases of the Project should proceed.

- 6.7. If, however, the update in April indicates that listed building consent has been refused, the Planning Committee decision has been deferred further or that progress towards delivering the Project has stalled, the Board will be asked to consider whether all or part of the LGF funding should be returned to SELEP for reallocation to alternative projects on the LGF prioritised project pipeline

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

- 7.1. The full £8.9m LGF allocation for this Project has been transferred to Kent County Council to support delivery. There remains a lack of certainty with respect to the final completion date of the Project; it is expected that regular updates are provided to the Board to provide assurance with respect to progress and delivery.
- 7.2. Should the outstanding planning permission be refused, the Board will need to consider whether this phase of the Project remains deliverable, in part or in full, and whether any funding is required to be recovered from Kent County Council, as a consequence.
- 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 Kent County Council, as the Project Lead Authority, under the terms of an SLA which makes clear that funding can only be used in line with the agreed terms. The SLA makes clear the expectation of Projects is to deliver in line with the agreed timelines within the Project Business Case, or as subsequently agreed by the Board.
- 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.

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

- 8.1. The grant funding will be administered in accordance with the terms of the Grant Determination Letter between the Accountable Body and Central Government and is required to be used in accordance with the terms of the Service Level Agreement between the SELEP Accountable Body, SELEP Ltd and the Upper Tier Local Authority. If a project does not meet the conditions of SLA, in line with the terms of the SLA, the funding may be required to be returned for reallocation.

## **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 - Maidstone ITP 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
<b>Accountable Body sign off</b>  Stephanie Mitchener  (on behalf of Nicole Wood, S151 Officer, Essex County Council)	  03/02/2022

## Appendix A – LGF Project Background Information

Name of Project	Maidstone Integrated Transport Package (ITP)											
	Kent County Council											
Local Growth Fund (LGF) allocation	<table><tr><th>Date of Award</th><th>Amount (£m)</th></tr><tr><td>February 2016</td><td>1.00</td></tr><tr><td>June 2018</td><td>4.20</td></tr><tr><td>April 2019</td><td>3.70</td></tr><tr><td>Total</td><td>8.90</td></tr></table>		Date of Award	Amount (£m)	February 2016	1.00	June 2018	4.20	April 2019	3.70	Total	8.90
Date of Award	Amount (£m)											
February 2016	1.00											
June 2018	4.20											
April 2019	3.70											
Total	8.90											
Description of what Project delivers	<p>The Project consists of three distinct phases as set out below.</p> <p><u>Phase 1</u> It was originally intended that this phase of the Project would deliver improvements to the junctions at either end of Willington Street, which is located to the east of Maidstone town centre. However, following public consultation, it was agreed by the Board that this phase of the Project should bring forward a larger scale intervention at one end of Willington Street only, at the junction with A20 Ashford Road.</p> <p>The works delivered through this phase of the Project will include an upgrade to the traffic lights at the junction to include a pedestrian crossing, the creation of a new lane for vehicles turning left into Ashford Road from Willington Street, the creation of a new lane for vehicles turning right into Willington Street from Ashford Road and a rebuild of the current ragstone boundary wall of Mote Park so it is 4 metres closer to the park.</p> <p><u>Phase 2</u> The Coldharbour roundabout element of this phase will enlarge the roundabout to allow 3 lanes of traffic to circulate it. In addition, the existing traffic signals will be removed and replaced with give way markings. The proposed works are expected to improve capacity of the roundabout by 60% in the morning peak and 40% in the evening peak.</p> <p><u>Phase 3</u> The A229 Loose Road corridor is made up of 4 junction improvements on the strategic route leading in and out of Maidstone Town Centre. The route suffers from existing congestion and poor journey time reliability.</p> <p>A229 Loose Road junction with A274 Sutton Road (Wheatsheaf junction) – this measure will see the demolition of the existing Wheatsheaf Public House. The adjoining side road, Cranbourne Avenue, will be permanently closed to allow improved capacity benefits and the current traffic signal crossroads will be replaced with a reconfigured signalised junction.</p> <p>A229 Loose Road junction with Armstrong Road – this is a relatively small junction improvement that requires the relocation of the existing pedestrian crossing to the southern side of Loose Road which will</p>											

	<p>allow the inclusion of a dedicated right turn lane to remove the existing blocker to free-flow of traffic for vehicles exiting the town.</p> <p>A229 Loose Road junction with Sheals Crescent – this element of the overall project is the reconfiguration of the junction using lining only to alter the priority for vehicles accessing the one-way system allowing for an improved flow of traffic travelling towards the town.</p> <p>A229 Loose Road junction with Boughton Lane/Cripple Street – the current configuration of this junction is a staggered crossroads which does not have the ability to ‘square’ up. The aim of this scheme is to allow for additional capacity to move freely through the junction.</p>
<b>Project benefits</b>	<p>The project will deliver:</p> <ul style="list-style-type: none"> <li>• Journey time savings</li> <li>• Improved journey time reliability</li> <li>• Reduced rat-running on unsuitable routes</li> <li>• Enabling planned housing and employment growth</li> </ul>
<b>Project constraints</b>	<p>Delays in securing the required consents have delayed some elements of the Project. The remaining outstanding consent is:</p> <ul style="list-style-type: none"> <li>• Listed Building Consent for the relocation of a ragstone wall at Mote Park – this consent is expected to be resolved by late February 2022</li> </ul>
<b>Link to Project page on the website with full Business Case</b>	<p><a href="https://www.southeastlepp.com/project/maidstone-integrated-transport/">https://www.southeastlepp.com/project/maidstone-integrated-transport/</a></p>



<b>Report title:</b> LGF additional funding awards	
<b>Report to:</b> Accountability Board	
<b>Report author:</b> Howard Davies, SELEP Capital Programme Officer	
<b>Meeting date:</b> 11 February 2022	<b>For:</b> Decision
<b>Enquiries to:</b> <a href="mailto:howard.davies@southeastlep.com">howard.davies@southeastlep.com</a>	
<b>SELEP Partner Authority affected:</b> Essex, Kent, Southend and Thurrock	

## 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 the Board ahead of any decisions being considered.

## 2. Recommendations

- 2.1. The Board is asked to:
  - 2.1.1. **Note** that the award of additional LGF funding to the projects outlined in this report will only be considered if sufficient funding is available as a result of decisions taken during the course of the Board meeting on 11 February 2022;
  - 2.1.2. **Agree** that the A13 Widening Project as set out in Appendix D meets the conditions for LGF spend beyond 30 September 2021, subject to Strategic Board endorsement in March 2022;
  - 2.1.3. **Agree** the award of additional LGF to the following projects in the order they appear on the LGF COVID-19 response fund prioritised project pipeline, subject to sufficient LGF funding being returned to the SELEP Accountable Body for reallocation:
    - 2.1.3.1. Southend Airport Business Park - Part A - **£527,483** (remaining balance of LGF ask of £600,000 - £72,517 was awarded at September 2021 Board)
    - 2.1.3.2. Southend Airport Business Park - Part B - **£500,000**

## LGF additional funding awards

- 2.1.3.3. Southend Airport Business Park - Part C - **£500,000**
- 2.1.3.4. A127 Essential Maintenance - Part B - **£393,000**
- 2.1.3.5. University of Essex Parkside - Phase 3 - **£1.65m**
- 2.1.3.6. A13 Widening - Part B - **£1m**

### 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 first ten projects which were prioritised for additional LGF have now been awarded funding.
- 3.2. A further three projects were awarded a total of £623,389 of LGF at the September 2021 Board meeting:
  - 3.2.1. Kent and Medway EDGE Hub Project £322,872
  - 3.2.2. Mercury Rising, Colchester £228,000
  - 3.2.3. Southend Airport Business Park Part A (part funded) £72,517
- 3.3. The process of transferring the funding is subject to the completion of variation agreements and this process is currently underway. Southend Airport Business Park Part A has received part of its funding request and remains on the pipeline. This leaves eight projects remaining on the pipeline.
- 3.4. Kent County Council have advised that the additional LGF funding sought to support the Maidstone East Station Access Improvements (West Kent LSTF) project is no longer required and therefore the Board are asked to consider the removal of this project from the pipeline under Agenda Item 10. Following the withdrawal of this project, there will be a total of seven projects remaining on the pipeline.
- 3.5. The total value of the LGF ask for the remaining projects is £5.570 million.
- 3.6. 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 or Brexit, to seek additional LGF funding.
- 3.7. For projects to be considered for additional LGF, scheme promoters were required to demonstrate:
  - 3.7.1. a legitimate case for why additional public sector investment was required in the project;
  - 3.7.2. that the project remained a strategic priority in supporting the COVID-19 economic recovery and/or in addressing the challenges presented by Brexit;
  - 3.7.3. that the project continued to present high value for money; and

## LGF additional funding awards

- 3.7.4. 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.
- 3.8. The requests for additional funding for the remaining projects on the pipeline, except for the Dartford Town Centre project, have been submitted for review by the Independent Technical Evaluator (ITE) to allow timely funding decisions to be taken if any additional LGF funding becomes available.
- 3.9. During the development of the LGF prioritised project pipeline a value for money risk was identified in relation to the Dartford Town Centre project. At the time of the original LGF funding award, the Benefit Cost Ratio (BCR) for the project was calculated to be 2.2:1 and it was expected that, as a result of the additional £1m LGF sought, this would potentially fall to around the 2:1 threshold. Due to this risk, and to ensure compliance with the SELEP Assurance Framework, it was noted that there was a requirement for an updated Business Case to be submitted for the Dartford Town Centre project if the additional LGF funding sought to deliver the Project became available. Due to the project being positioned at the bottom of the LGF project pipeline, work on a revised Business Case has not been taken forward to date.
- 3.10. In the meantime, delivery of the project has continued with the initial works completed in September 2020. Construction of the second phase of the project is ongoing onsite and work is progressing to bring forward the later phases of the project. Alternative funding has been secured to enable delivery of the later phases of the project, however until all phases of the project have been fully costed, the Project will remain on the LGF prioritised project pipeline.
- 3.11. It is not known if any additional LGF funding will become available for reallocation at this meeting. However, if the Board decide to remove LGF from existing projects during the meeting reallocation of this funding will be in accordance with the agreed pipeline shown in Appendix C, excluding the Maidstone East Station Access Improvements (West Kent LSTF) project which has been withdrawn by Kent County Council.
- 3.12. All project scheme promoters have confirmed that any part of the total amount requested will be able to deliver all or part of the benefits projected by the Business Case.
- 3.13. As reported under Agenda Item 12, the A13 Widening Project is now nearing completion and therefore discussions on the requirement for further funding will be held with Thurrock Council. Should the project no longer require this additional funding, the Board will be asked to agree the removal of the project from the pipeline in April 2022.
- 3.14. Board members are asked to note that the projects on the LGF COVID-19 response fund prioritised project pipeline are projects that are in a position to deliver benefits in a short space of time should the additional funding become available.
- 3.15. Any LGF funding awarded by the Board cannot be transferred to the respective Projects until it has been returned to the Accountable Body.

## 4. Summary Position

## LGF additional funding awards

- 4.1. As indicated at 3.4 in this report, Kent County Council have confirmed that the Maidstone East Station Access Improvements (West Kent LSTF) project no longer requires the additional LGF funding sought and therefore award of funding to this project will not be considered. A formal decision to remove the project from the LGF pipeline will be considered under Agenda Item 10.
- 4.2. Table 1 below shows the projects remaining on the LGF project pipeline, including details of the current LGF allocation and the additional LGF ask. The table does not include the Maidstone East Station Access Improvements (West Kent LSTF) project as further funding is no longer required as set out at section 4.1 above. Further information on 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*

LGF Project Pipeline				
Project name	Current LGF Allocation £m	Additional LGF requested £m	Total LGF (if additional funding awarded) £m	Cumulative total funding ask £m
Southend Airport Business Park - Part A	23.163	0.527	23.690	0.527
Southend Airport Business Park - Part B		0.500	24.190	1.027
Southend Airport Business Park - Part C		0.500	24.690	1.527
A127 Essential Maintenance and The Bell Junction Improvements	6.600	0.393	6.993	1.920
Parkside, University of Essex - Phase 3	5.000	1.650	6.650	3.570
A13 Widening - Part B	81.500	1.000	82.500	4.570
Dartford Town Centre Improvements	4.300	1.000	5.300	5.570
<b>Total</b>	<b>120.563</b>	<b>5.570</b>	<b>126.133</b>	

- 4.3. The projects detailed in this report have previously provided updated versions of their applications for additional LGF funding, and each local authority has confirmed that this information is still valid and up to date. These applications have been reviewed by the ITE to ensure the projects continue to present High value for money, based on their original Business Case and the additional funding ask.
- 4.4. The outcome of the ITE review is set out in Appendix A as attached to Agenda Item 8.
- 4.5. It should be noted that a revised economic appraisal was undertaken for the A13 Widening Project as part of its application for additional LGF funding. This assessment demonstrated that the BCR for the Project itself had reduced to 1.7:1, which no longer represents High value for money. However, it was also noted by the ITE that an additional scenario which considered the impacts of the Lower Thames Crossing had been provided. This assessment demonstrated a BCR of 2.5:1, which represents High value for money. The Board are therefore asked to consider the fact that the A13 Widening Scheme no longer offers High value for money in isolation, however, when considered in conjunction with the Lower Thames Crossing, High value for money is maintained.
- 4.6. All projects listed in Table 1, with the exception of the Dartford Town Centre Improvements project, are considered to still present High value for money with a High level of certainty, subject to consideration of the points raised above with regard to the A13 Widening Project.

## LGF additional funding awards

- 4.7. 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, if no further funding becomes available through this mechanism. These projects will remain under review and risks to the delivery of the projects will be brought to the Board's attention.
- 4.8. The project information provided in Appendix B includes details on project specific risks. In addition to these risks, it should be noted that clearly none of the projects considered within this report will be able to spend any additional LGF funding awarded at this meeting prior to the end of September 2021. As a result, information has been provided in Appendix D which sets out how the A13 Widening project meets the conditions previously agreed by the Board for LGF spend beyond 30 September 2021.
- 4.9. The University of Essex - Parkside 3, the A127 Essential Maintenance and the Southend Airport Business Park Projects already have approval from both the Board and Strategic Board for LGF spend beyond 30 September 2021.
- 4.10. The Board are asked to consider whether the A13 Widening project, as set out in this report, meets the conditions previously agreed by the Board for LGF spend beyond 30 September 2021, before agreeing the reallocation of any funding that may become available during the course of this meeting. The Board are advised that any award of additional LGF funding to this project will be subject to the outcome of conversations with Thurrock Council regarding the need for further LGF funding given the imminent completion of the project. Strategic Board endorsement for LGF spend beyond September 2021 will be sought in March 2022 in relation to any projects which are awarded additional funding at this meeting.
- 4.11. If the value of LGF returned for reallocation at this meeting exceeds the value of LGF being sought by the projects in Table 1 then initial proposals on the approach to allocating the remaining funding will be presented to the Strategic Board in March 2022.
- 4.12. 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 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.
- 4.13. If allocations are not available for all projects, the pipeline will be maintained in case further LGF funding becomes available for reallocation. 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. This report is being presented at this meeting, conditional on additional LGF becoming available for reallocation, as a result of previous agenda items.
- 5.2. Essex County Council, as the Accountable Body, is responsible for ensuring that the LGF funding is utilised in accordance with the conditions set out by Government for use of the Grant.
- 5.3. 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

## LGF additional funding awards

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.

- 5.4. The Agreements also set out the circumstances under which funding may have to be repaid should it not be utilised in line with the conditions of the grant or in accordance with the Decisions of the Board.
- 5.5. Should the Board approve the award of LGF to specific pipeline projects in this report, a Variation Agreement to the current SLAs will be put in place to include each project LGF allocation.
- 5.6. The transfer of LGF to each Lead Authority will be subject to the Variation Agreements 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 Body 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**

## LGF additional funding awards

- 8.1. Appendix A – Report of the Independent Technical Evaluator (as attached to agenda item 8)
- 8.2. Appendix B – Project Background Information
- 8.3. Appendix C – LGF Project Pipeline
- 8.4. Appendix D – Evidence of compliance with conditions for LGF spend beyond 30 September 2021

## 9. List of Background Papers

- 9.1. [Southend Airport Business Park Project webpage](#)
- 9.2. [A127 Essential Bridge and Highway Maintenance Project webpage](#)
- 9.3. [University of Essex Parkside - Phase 3 Project webpage](#)
- 9.4. [A13 Widening Project webpage](#)

(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
<b>Accountable Body sign off</b>  Stephanie Mitchener  (on behalf of Nicole Wood, S151 Officer, Essex County Council)	  03/02/2022

## Appendix B1 – Local Growth Fund Project Background Information

<b>Name of Project</b>	<p><b>Southend Airport Business Park</b></p> <p>Southend-on-Sea Borough Council</p>
<b>Description of what Project delivers</b>	<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>
<b>Case for additional LGF funding</b>	<p>Application A - £527,483 (Request £600,000, £72,517 already awarded). 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 funding award. Greater knowledge of on-plot costs related to ground conditions and site levels are impacting development viability. 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>
<b>Project benefits</b>	<p>The overall benefits of the entire project are:</p> <ul style="list-style-type: none"> <li>(1) 3,669sqm (GIA) Innovation Centre delivered;</li> <li>(2) 63,000sqm of new commercial floorspace as part of Phase 2 of project;</li> <li>(3) 2,600 new jobs as a result of project.</li> </ul>
<b>Financial Information</b>	<p>Original LGF allocation: £23.09m</p> <p>Additional LGF allocated (10 September 2021 Board meeting) £72,517</p>



	<p>Additional LGF funding requested: Part A - <b>£0.527m</b>, Part B - <b>£0.500m</b>, Part C - <b>£0.500m</b>. 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.</p> <p>The total capital cost of the Project is <b>£32.670m</b>.</p> <p>Project spend profile:</p> <table><tr><th colspan="7">Original project spend profile (£m)</th></tr><tr><th>Funding sources</th><th>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>4.442</td><td>4.471</td><td>11.642</td><td>2.535</td><td>-</td><td><b>23.090</b></td></tr><tr><td>Southend-on-Sea BC</td><td>0.957</td><td>0.116</td><td>0.116</td><td>4.751</td><td>2.040</td><td><b>7.980</b></td></tr><tr><td><b>Total</b></td><td><b>5.399</b></td><td><b>4.587</b></td><td><b>11.758</b></td><td><b>7.286</b></td><td><b>2.040</b></td><td><b>31.070</b></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>4.442</td><td>4.127</td><td>10.234</td><td>4.287</td><td></td><td><b>23.090</b></td></tr><tr><td>Additional LGF</td><td></td><td></td><td></td><td></td><td>1.600</td><td><b>1.600*</b></td></tr><tr><td>Southend-on-Sea BC</td><td>0.957</td><td>0.103</td><td></td><td></td><td>6.920</td><td><b>7.980</b></td></tr><tr><td><b>Total</b></td><td><b>5.399</b></td><td><b>4.230</b></td><td><b>10.234</b></td><td><b>4.287</b></td><td><b>8.520</b></td><td><b>32.670</b></td></tr></table> <p>* 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.</p>	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	-	<b>23.090</b>	Southend-on-Sea BC	0.957	0.116	0.116	4.751	2.040	<b>7.980</b>	<b>Total</b>	<b>5.399</b>	<b>4.587</b>	<b>11.758</b>	<b>7.286</b>	<b>2.040</b>	<b>31.070</b>	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		<b>23.090</b>	Additional LGF					1.600	<b>1.600*</b>	Southend-on-Sea BC	0.957	0.103			6.920	<b>7.980</b>	<b>Total</b>	<b>5.399</b>	<b>4.230</b>	<b>10.234</b>	<b>4.287</b>	<b>8.520</b>	<b>32.670</b>
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<b>Risks to project delivery</b>	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.																																																																													
<b>Outcome of ITE Review</b>	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 as attached to Agenda Item 8)																																																																													
<b>Evidenced compliance with Assurance Framework?</b>	Yes, the project does meet the requirements of the SELEP Assurance Framework.																																																																													
<b>Link to Project webpage, application for additional LGF</b>	Project page: <a href="https://www.southeastlen.com/project/london-southend-airport-business-park/">https://www.southeastlen.com/project/london-southend-airport-business-park/</a>																																																																													

<b>funding and Strategic Board decision</b>	<p>Application for additional LGF funding:  <a href="https://www.southeastlepp.com/app/uploads/2020/10/Southend-Airport-Business-Park-additional-LGF-application.pdf">https://www.southeastlepp.com/app/uploads/2020/10/Southend-Airport-Business-Park-additional-LGF-application.pdf</a></p> <p>Strategic Board decision to prioritise project for receipt of additional LGF funding:  <a href="https://www.southeastlepp.com/app/uploads/2019/11/Strategic-Board-Dec-2020-Draft-Minutes.pdf">https://www.southeastlepp.com/app/uploads/2019/11/Strategic-Board-Dec-2020-Draft-Minutes.pdf</a></p>
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## Appendix B2 – Local Growth Fund Project Background Information

Name of Project	<b>A127 Essential Major Maintenance</b>  Southend-on-Sea Borough Council						
Description of what Project delivers	<p>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.</p> <p>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.</p>						
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 - <b>£0.393m</b> , Total £0.6m. The Board are asked to consider the award of Part B only.						
	The total capital cost of the Project is <b>£12.282m</b> .						
	Project spend profile:						
	Original project spend profile (£m)						
	Funding sources	2017/18	2018/19	2019/20	2020/21	2021/22	Total
	Local Growth Fund	-	1.230	3.820	5.850	-	<b>10.900</b>
	Southend-on-Sea BC	0.190	-	-	0.529	-	<b>0.719</b>
	S106 contributions	-	-	0.063	-	-	<b>0.063</b>
	Total	<b>0.190</b>	<b>1.230</b>	<b>3.883</b>	<b>6.379</b>	-	<b>11.682</b>
	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	<b>11.107</b>
Additional LGF funding	-	-	-	-	0.393	<b>0.393</b>	
Southend-on-Sea BC	0.190	-	-	-	0.529	<b>0.719</b>	

	<table><tr><td>S106 contributions</td><td>-</td><td>-</td><td>-</td><td>0.063</td><td>-</td><td><b>0.063</b></td></tr><tr><td><b>Total</b></td><td><b>0.190</b></td><td><b>0.396</b></td><td><b>1.123</b></td><td><b>3.046</b></td><td><b>7.527</b></td><td><b>12.282</b></td></tr></table>	S106 contributions	-	-	-	0.063	-	<b>0.063</b>	<b>Total</b>	<b>0.190</b>	<b>0.396</b>	<b>1.123</b>	<b>3.046</b>	<b>7.527</b>	<b>12.282</b>
S106 contributions	-	-	-	0.063	-	<b>0.063</b>									
<b>Total</b>	<b>0.190</b>	<b>0.396</b>	<b>1.123</b>	<b>3.046</b>	<b>7.527</b>	<b>12.282</b>									
<b>Risks to project delivery</b>	The main package of works has been completed, although additional improvements removed from the original project scope, would be delivered if funding became available.														
<b>Outcome of ITE Review</b>	<p>The project has been assessed as offering High value for money with a High certainty of achieving this.</p> <p>For additional information, please refer to the Report of the Independent Technical Evaluator (Appendix A as attached to Agenda Item 8).</p>														
<b>Evidenced compliance with Assurance Framework?</b>	Yes, the project does meet the requirements of the SELEP Assurance Framework.														
<b>Link to Project webpage, application for additional LGF funding and Strategic Board decision</b>	<p>Project page: <a href="https://www.southeastlep.com/project/a127-essential-bridge-and-highway-maintenance-southend/">https://www.southeastlep.com/project/a127-essential-bridge-and-highway-maintenance-southend/</a></p> <p>Application for additional LGF funding: <a href="https://www.southeastlep.com/app/uploads/2019/09/A127-Essential-Maintenance-Phase-A-Application-for-additional-LGF.pdf">https://www.southeastlep.com/app/uploads/2019/09/A127-Essential-Maintenance-Phase-A-Application-for-additional-LGF.pdf</a></p> <p>Strategic Board decision to prioritise project for receipt of additional LGF funding: <a href="https://www.southeastlep.com/app/uploads/2019/11/Strategic-Board-Dec-2020-Draft-Minutes.pdf">https://www.southeastlep.com/app/uploads/2019/11/Strategic-Board-Dec-2020-Draft-Minutes.pdf</a></p>														

## Appendix B3 – Local Growth Fund Project Background Information

<b>Name of Project</b>	<p><b>University of Essex Parkside Phase 3</b></p> <p>Essex County Council</p>
<b>Description of what Project delivers</b>	<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>
<b>Case for additional LGF funding</b>	<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 was 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>
<b>Project benefits</b>	<p>The main project benefits are:</p> <ul style="list-style-type: none"> <li>• Creation of 300 jobs by 2023 (assuming occupation of building immediately following completion);</li> <li>• 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;</li> <li>• Provision of additional grow-on space to complement the current business ecosystem 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;</li> <li>• Facilitate recruitment of skilled graduates by businesses within the local economy;</li> <li>• Overcome a shortage of private investment in office space suitable for businesses within the knowledge economy.</li> </ul>
<b>Financial Information</b>	<p>Original LGF allocation: £5m</p> <p>Additional LGF funding requested: £1.65m</p> <p>The total capital cost of the Project is <b>£12.15m</b>.</p> <p style="text-align: right;">Page 233 of 276</p> <p>Project spend profile:</p>

	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
	<b>Total</b>	<b>0.450</b>	<b>1.321</b>	<b>6.500</b>	<b>2.229</b>	<b>0.000</b>	<b>0.000</b>	<b>10.500</b>
	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
	<b>Total</b>	<b>0.280</b>	<b>0.440</b>	<b>0.870</b>	<b>3.710</b>	<b>4.280</b>	<b>2.570</b>	<b>12.150</b>
<b>Risks to project delivery</b>	<ul style="list-style-type: none"> <li>• Tenant led changes as a result of a pre-let could affect project;</li> <li>• 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;</li> <li>• COVID-19 pandemic negatively affecting the project timetable.</li> </ul>							
<b>Outcome of ITE Review</b>	<p>The additional funding increases the cost of the project from £10.5m to £12.15m. The BCR remains above 2:1 and therefore offers High value for money with a High certainty of achieving this.</p> <p>Further information can be found in the Report of the Independent Technical Evaluator (Appendix A as attached to Agenda Item 8).</p>							
<b>Evidenced compliance with Assurance Framework?</b>	Yes, the project does meet the requirements of the SELEP Assurance Framework.							
<b>Link to Project webpage, application for additional LGF funding and Strategic Board decision</b>	<p>Project page:  <a href="https://www.southeastlep.com/project/university-of-essex-parkside-phase-3-colchester/">https://www.southeastlep.com/project/university-of-essex-parkside-phase-3-colchester/</a></p> <p>Application for additional LGF funding:  <a href="https://www.southeastlep.com/app/uploads/2020/10/Parkside-3-additional-LGF-Application.pdf">https://www.southeastlep.com/app/uploads/2020/10/Parkside-3-additional-LGF-Application.pdf</a></p> <p>Strategic Board decision to prioritise project for receipt of additional LGF funding:  <a href="https://www.southeastlep.com/app/uploads/2019/11/Strategic-Board-Dec-2020-Draft-Minutes.pdf">https://www.southeastlep.com/app/uploads/2019/11/Strategic-Board-Dec-2020-Draft-Minutes.pdf</a></p>							

## Appendix B4 – Local Growth Fund Project Background Information

<b>Name of Project</b>	<p><b>A13 Widening</b></p> <p>Thurrock Council</p>
<b>Description of what Project delivers</b>	<p>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.</p> <p>It is expected that the main works will complete in March 2022 allowing the new road to open. Any award of additional LGF funding to this project will be subject to the outcome of conversations with Thurrock Council regarding the need for further LGF funding given the imminent completion of the project.</p>
<b>Case for additional LGF funding</b>	<p>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.</p>
<b>Project benefits</b>	<p>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.</p>
<b>Financial Information</b>	<p>Original LGF allocation: £80m</p> <p>Additional LGF funding requested: <b>£1.0m</b></p> <p>An additional £1.5m LGF has already been awarded to support delivery of the Project through the LGF project pipeline. Therefore, the total LGF allocation to the Project will increase to £82.5m if the additional £1m LGF is awarded.</p> <p>Additional project information can be viewed in the High Risk Project Update Report (Agenda Item 11)</p>
<b>Risks to project delivery</b>	<p>Risks to project delivery are minimal as the main package of works is expected to complete in March 2022, allowing the new road to fully open. It is currently expected that there will be a need for further off-highway works to be completed after March 2022, and it is expected that these will be complete by Summer 2022.</p>
<b>Outcome of ITE Review</b>	<p>The updated value for money assessment provided by Thurrock Council indicates that the BCR for the Project has reduced to 1.7:1 which falls within the Medium value for money category.</p> <p>An additional scenario which considers the benefits of the scheme with the impacts of the Lower Thames Crossing included has also been</p>

	<p>provided. In this scenario the Project has a BCR of 2.5:1 which falls within the High value for money category.</p> <p>The ITE has highlighted that the Board should consider that the scheme on its own does not represent High value for money.</p> <p>Further detail can be found in the Report of the Independent Technical Evaluator (Appendix A as attached to Agenda Item 8).</p>
<b>Evidenced compliance with Assurance Framework?</b>	<p>The project does not meet the requirements of the SELEP Assurance Framework when considered in isolation as the BCR for the scheme itself falls below 2:1. However, when the impacts of the Lower Thames Crossing are considered, the BCR rises to 2.5:1. National Highways are committed to delivering the Lower Thames Crossing and therefore it seems reasonable to include the impacts of the scheme in the BCR calculations. As a result, the Project is considered to comply with the Assurance Framework.</p>
<b>Link to Project webpage, application for additional LGF funding and Strategic Board decision</b>	<p>Project page:  <a href="https://www.southeastlep.com/project/a13-widening/">https://www.southeastlep.com/project/a13-widening/</a></p> <p>Strategic Board decision to prioritise project for receipt of additional LGF funding:  <a href="https://www.southeastlep.com/app/uploads/2019/11/Strategic-Board-Dec-2020-Draft-Minutes.pdf">https://www.southeastlep.com/app/uploads/2019/11/Strategic-Board-Dec-2020-Draft-Minutes.pdf</a></p>



## 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

## Appendix D – Evidence of compliance with conditions for LGF spend beyond 30 September 2021

Name of Project	<b>A13 Widening</b>  Thurrock Council
Evidence of compliance with conditions previously agreed by the Board	<p>A clear delivery plan with specific delivery milestones and completion date</p>
	<p>If additional LGF funding is awarded, this will contribute towards the construction costs of the ongoing A13 widening works. It is expected that the Project will complete by the end of Q4 2021/22 and the additional LGF funding will be spent in advance of project completion.</p> <p>The stated completion date will signal the end of main highways works and the road will be operational. It is currently expected that there will be works to be finished after the main highways works are complete, including delayed balance pond works and planting. It is expected that these works will be completed in Summer 2022. If seasonal requirements mean that the planned planting needs to take place after Summer 2022, this work will be removed from the main contract and procured separately.</p>
	<p>A direct link to the delivery of jobs, homes or improved skills levels within the SELEP area</p>
	<p>Both residential and commercial development along the A13 corridor is constrained by the limited capacity of the strategic road network, including the dual carriageway section of the A13. The Project provides additional capacity on the A13, thereby enabling key development sites to come forward.</p> <p>The Project is expected to contribute towards the delivery of 4,000 new jobs and 3,000 new homes within the local area.</p>
	<p>All funding sources having been identified and secured to enable the delivery of the project</p>
	<p>Confirmation has been provided that all funding sources required to deliver the Project have been secured.</p>
	<p>Endorsement from the SELEP Strategic Board that the funding should be retained against the project beyond the Growth Deal period</p>
	<p>Endorsement from Strategic Board will be sought at the March 2022 Board meeting.</p> <p>Contractual commitments are in place with construction contractors by the end of the Growth Deal period for the delivery of the project</p> <p>Delivery of the Project has commenced. Contractual commitments are in place.</p>

<b>Report title:</b> Queensway Gateway Road LGF Project Update	
<b>Report to:</b> Accountability Board	
<b>Report author:</b> Richard Dawson, Head of Service - Economic Development, Skills and Infrastructure, East Sussex County Council and Helen Dyer, SELEP Capital Programme Manager	
<b>Meeting date:</b> 11 February 2022	<b>For:</b> Decision
<b>Enquiries to:</b> <a href="mailto:Helen.dyer@southeastlep.com">Helen.dyer@southeastlep.com</a>	
<b>SELEP Partner Authority affected:</b> East Sussex	

## 1. Purpose of report

- 1.1. The purpose of this report is for the Accountability Board (the Board) to receive a further update on the delivery of the Queensway Gateway Road Local Growth Fund (LGF) project (the Project).
- 1.2. The Board has been provided with regular updates on the Project and this update sets out the current position in relation to the signalised connection to the A21 (previously referred to as the temporary connection) and the risks to delivery.
- 1.3. Once the programme for the delivery of the permanent (roundabout) connection with the A21 has been confirmed, further updates will be provided to the Board on an exception basis, should there be any substantial changes to the project programme.

## 2. Recommendations

- 2.1. The Board is asked to:
  - 2.1.1. **Note** the latest position on the delivery of the Project and the steps which need to be taken to secure completion;
  - 2.1.2. **Note** that a decision on the selection of the preferred junction solution will be made in the latter part of 2022 following a period for sufficient evidence to be gathered on the impact of the signalised junction; and
  - 2.1.3. **Agree** that the Board will be provided with a further update on the Project, which updates the project delivery plan and associated milestones, at its meeting on 29 April 2022.

## 3. Background

## Queensway Gateway Road LGF Project Update

- 3.1. 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.
  - 3.2. The LGF funding has been spent in full supporting project delivery to the end of 2020/21. Further information regarding the Project can be found in Appendix A - LGF Project Background Information.
  - 3.3. The original Business Case indicated that the Project would complete in November 2016 based on when the funding would be received. As the Board are aware from previous updates, delivery of the Project has been slower than anticipated due to initial delays:
    - 3.3.1. in securing planning permission and discharge of planning conditions due to a judicial review challenge which was overcome by the issue of a fresh planning application on 8 January 2016, allowing the project to proceed from December 2016 on receipt of the last discharges; and
    - 3.3.2. in progressing the embankment works and completing the associated highways works – with timescales increasing from 10 to 19 months due to delays in the receipt of a Section 278 agreement connecting one end of the new Queensway Gateway Road (the Project) to Queensway.
  - 3.4. The remainder of the main carriageway works were completed in 6 months from January to July 2019. The only remaining works are the junction improvements with the A21 to allow the connection to open to traffic. A further Section 278 application was lodged on 4 February 2020 involving East Sussex County Council and National Highways for the first time. This resulted in two Section 278 agreements being awarded on 8 October 2020 to progress works on the existing carriageway to the junction of Whitworth Road and Junction Road. This has left the last connection works between Whitworth Road and the A21 which have been progressed to meet the requirements of East Sussex County Council and National Highways.
  - 3.5. The completion of the final section of the Project has been impacted by delays that Sea Change Sussex (as delivery partner) have experienced in securing the land to construct the scheme with extant planning permission approved by Hastings Borough Council.
  - 3.6. This report provides an update on the delivery of a signalised connection and priority lanes to make the road link to the A21 (referred to in previous Board reports as the temporary connection). This will allow the full use of the new road between Queensway and the A21. The full use of the road between Queensway and the A21 was a key element of the original business case but further assessment is required to confirm that the revised connection delivers the same benefits as the original design. The report also provides an update on the final connection with the A21 (referred to in previous Board reports as the permanent connection).
- 4. Progress on the signalised connection since the last update to the Board**

- 4.1. It should be noted that the Stage 1 Road Safety Audit highlighted the need for a Traffic Regulation Order (TRO) for the prohibition of parking in areas of Whitworth Road where it will cause a road safety issue. East Sussex County Council have commenced informal consultation with key stakeholders on this TRO and provided feedback to Sea Change Sussex with no significant issues having been raised. The timescales for completion of the TRO are now reliant on the statutory and public consultation on the prohibition of parking on Whitworth Road. Once Sea Change Sussex provide the required documentation East Sussex County Council will commence the consultation. The consultation will take three weeks, with the total process expected to take six weeks if there are no objections, or eight weeks if objections are received. Whenever this process takes place, Sea Change Sussex will continue to progress other elements of Section 278 that can be taken forward in advance of the outcome of the consultation.

## **5. Delivery programme for the signalised connection with the A21**

- 5.1. As highlighted above, the signalised connection involves the introduction of traffic lights at the junction between the A21 and Junction Road and securing a TRO for the section of road between Junction Road and The Ridge. The delivery of this connection will maximise the employment benefits of the scheme already realised through the 90% of the new road which is already complete and will resolve existing traffic congestion, particularly along The Ridge.
- 5.2. It was noted in previous updates to the Board that further transport modelling work for the signalised connection with the A21 had been presented to National Highways which demonstrated that the signalised connection would work satisfactorily and would not have a wider detrimental impact on the strategic and local road networks. As a consequence, National Highways provided an “in principle” technical approval of the modelling aspect of the scheme, while Sea Change Sussex worked through the Road Safety Audit process with National Highways. The Stage 1 Road Safety Audit has now been signed off by National Highways.
- 5.3. Following the sign off of the Safety Audit, a full package of plans and detailed designs of the scheme, including a Stage 2 Road Safety Audit, were submitted in November 2021 by Sea Change Sussex to National Highways and East Sussex County Council for final approval. Subject to the design work being acceptable, approval from both National Highways and East Sussex County Council should be forthcoming by March or April 2022. This is the indicative timeframe outlined by National Highways, which they are working to; as a result Sea Change Sussex and East Sussex County Council are heavily reliant on the National Highways resource allocated to complete this work.
- 5.4. A Section 278 legal agreement between Sea Change Sussex, East Sussex County Council and National Highways, which is anticipated for completion in early Spring 2022, will incorporate the above technical solution and its plan base allowing construction of the final works. The legal agreement can progress ahead of final approval, legal teams have been instructed and work is progressing.
- 5.5. 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 National

## Queensway Gateway Road LGF Project Update

Highways. Again, on this S278 agreement this is the indicative timeframe outlined by National Highways, as a result Sea Change Sussex and East Sussex County Council are heavily reliant on the National Highways resource allocated to complete this work.

- 5.6. Temporary TROs (TTRO) have been agreed with East Sussex County Council and National Highways allowing construction to proceed.
- 5.7. Sea Change Sussex have advised that the expected programme for delivery of the signalised connection is 6 weeks with an additional 2-week contingency. Based on the estimated timescales for the approvals process and delivery programme, it is currently anticipated that the signalised connection will be constructed and complete, at the earliest, by mid-2022. However, opening the route to traffic will be subject to the TROs to close off Junction Road and to introduce parking restrictions on Whitworth Road, having both been sealed.

**Table 1 Milestones to completion for Signalised Connection**

Key Milestone	Progress and indicative timeframe	Risks	Mitigations
Stage 2 Road Safety Audit Approval (RSA2)	TBD - With National Highways and East Sussex County Council. National Highways timescale for all approvals is approximately March/April 2022. East Sussex County Council timescales will be inside of this.	RSA 2 not approved within indicative timelines as further information or designs required.	Regular communication taking place between all parties to address any issues/concerns.
S278 Agreement	National Highways timescale for all approvals is approximately March/April 2022. East Sussex County Council timescales will be inside of this.	Parties can't agree on legal terms	Can be escalated to Assistant Director/Director level to resolve if required
Construction	8 weeks* - End of June 2022 based on April 2022 sign off	Potential issues with booking road space	Sea Change Sussex maintaining constant dialogue with National Highways/East Sussex County Council
Road Opening	TBD - Dependent on TRO with East Sussex County Council – Potentially summer 2022	Contractor availability at time	Sea Change Sussex due diligence in contractor appointment
Once road opened – monitor and analyse changes in traffic movements and determine	Up to 6 months post opening.	Risks to timeframe include further pandemic impacting on traffic levels and travel	Planning ahead for transport monitoring and project team in place to continue liaison

## Queensway Gateway Road LGF Project Update

whether further interventions are necessary		demands across the network; needing to assess the changes in traffic patterns and flows over a reasonable period across the wider network that takes into consideration the changes from pre to post full opening of the road.	and review outcome data.
Stage 3 (Post construction) Road Safety Audit undertaken and any changes implemented	To be undertaken once road opened and identified changes implemented post-Audit (indicatively late 2022)		
Project Change Request to be considered (if appropriate)	Currently assumed to be February 2023 SELEP Accountability Board		

\*Construction to commence once previous milestones have been concluded and required road space has been booked.

### 6. Impacts should the Signalised connection be the final connection

- 6.1. Early in preparing for the construction of the permanent roundabout solution it became apparent that there would be a need to resolve traffic issues caused by the construction works to avoid severe tailbacks onto the A21 and surrounding local road networks.
- 6.2. Sea Change Sussex has looked at a design for the connection to the A21 which incorporates slip roads on the A21 and a signalised junction with priority turn lanes. The modelling results for this signalised connection show comparable performance to a roundabout solution.
- 6.3. Updates on the necessary approvals to construct the signalised connection:
  - 6.3.1. the detailed designs of the scheme and stage 2 Road Safety Audit were submitted by Sea Change Sussex to National Highways and East Sussex County Council on 19 November 2021, and subject to the designs being acceptable, technical approval should be forthcoming in Spring 2022; and
  - 6.3.2. the preparation of the necessary S278 and S6 legal agreements with East Sussex County Council and National Highways in parallel to seeking technical design approval.
- 6.4. It is not until Sea Change Sussex have the required highways agreements in place with both East Sussex County Council and National Highways that all consents required to construct the signalised junction will be in place. In addition, the road cannot open to traffic until both the TROs referred to above have been made.
- 6.5. While due consideration should be given to the potential for this to be retained as a long-term solution it cannot be adopted as the final connection until Sea Change Sussex know it

can progress to completion and opening. Adopting the scheme as a final connection prematurely would risk commitment to a scheme that could be determined to be undeliverable and would prejudice the delivery of the current scheme by adversely impacting the case for a potential Compulsory Purchase Order (CPO) to provide certainty on the land acquisition. At present the focus is on implementing the signalised connection to enable the road to fully open to traffic. The key milestones and associated timescales for completion of the signalised junction are set out in Table 1 above.

- 6.6. At the November 2021 meeting, the Board were advised that East Sussex County Council had been in discussions to commission an independent expert (in relation to whether there is a case for a CPO) to undertake an assessment of all options available to facilitate completion of the project's permanent connection. As set out above, the focus is currently on implementing the signalised connection to enable the road to open to traffic and as a result this appointment has been placed on hold. If it is decided that the signalised connection will not be retained as a long-term solution, then the appointment of an independent expert will be revisited.

### **7. Delivery of the permanent connection with the A21**

- 7.1. The majority of the carriageway has been delivered with the final junction and carriageway widening on the A21 outstanding. The business case from February 2015 contemplated a signalised junction at either end of the new road (the Project) with a plan indicating a proposed roundabout junction with the A21. The largely completed planning permission permits a roundabout to be constructed which would require further land acquisition.
- 7.2. At this stage land acquisition negotiations have not been concluded, which means it is not possible to provide a definite timeline for completion of the proposed final connection.
- 7.3. East Sussex County Council have indicated that their preferred scenario continues to be for Sea Change Sussex to secure the necessary land through negotiations from all of the relevant landowners. If land cannot be secured through negotiation, and a CPO is deemed necessary, then the construction start and completion could be delayed further by anywhere between 6 and 18 months compared to the timeline for completing the permanent connection with the land secured by negotiation.
- 7.4. At present the focus is on implementing the signalised connection to enable the road to fully open to traffic and therefore progress towards completing the required land acquisition, either through negotiation or CPO, has been negligible since the last update to the Board.

### **8. Project budget**

- 8.1. The Project was considered by the Strategic Board in March 2015, and the award of £15m LGF funding was approved. The SLA between Essex County Council (as the Accountable Body for SELEP) and East Sussex County Council confirmed that £10m of the £15m would be made available in the 2015/16 financial year – initially £2.5m with £7.5m to follow later in the financial year.
- 8.2. Subsequent to this decision, East Sussex County Council identified a need to amend the LGF allocations to a number of their projects to facilitate successful delivery. This was



## Queensway Gateway Road LGF Project Update

achieved by reallocating funding between East Sussex County Council LGF funded projects. As a result, the LGF allocation to the Project was reduced to £6m and subsequently increased back up to £10m in February 2018.

- 8.3. The LGF funding has been spent in full supporting project delivery to the end of 2020/21. Sea Change Sussex has retained funding up to £2m to complete the Project.
- 8.4. Spend on the Project to the end of November 2021 totalled £10.382m, which includes full spend of the £10m LGF allocation.
- 8.5. Despite the potential impacts of the COVID-19 pandemic on the construction industry and the delays encountered in delivering the Project, at this time East Sussex County Council and Sea Change Sussex remain confident that the Project can be delivered within the available budget. Costs have now been identified for the majority of the outstanding works including the construction of the final connection, professional and management fees for the completion of the Project and if required CPO indemnity costs including land compensation payments. Assurances have been provided that, after consideration of these identified costs, sufficient funding remains within the funding package to deliver the final connection.
- 8.6. The updated Project spend profile is set out in Table 2 below.

**Table2: Queensway Gateway Road spend profile**

	Actual spend to end of 2020/21 £	Actual spend in 2021/22 £	Forecast spend in 2021/22 £	Forecast spend in 2022/23 £	Total £
SELEP LGF Grant	10,000,000	0	0	0	<b>10,000,000</b>
Sea Change Sussex	188,331	193,548	618,121	1,000,000	<b>2,000,000</b>
Total	<b>10,188,331</b>	<b>193,548</b>	<b>618,121</b>	<b>1,000,000</b>	<b>12,000,000</b>

## 9. Benefits Realisation from the Scheme

- 9.1. The economic case for the road was based on the unlocking of employment land within the ownership of East Sussex County Council and Hastings Borough Council which is identified in the adopted Hastings Local Plan. This land was made accessible by the creation of the middle roundabout of the scheme, which was completed in 2019, meaning the potential employment site has been accessible since then. Hastings Borough Council are currently marketing their land for commercial development, however, the disposal of the land has been adversely impacted by the COVID-19 pandemic. The direct economic benefits of the scheme have been fully delivered with indirect benefits dependent on public sector owner land being brought forward for subsequent development.
- 9.2. To date there have been 36 construction jobs reported by Sea Change Sussex in connection with the delivery of the scheme. This compares to 12 FTE construction jobs

## Queensway Gateway Road LGF Project Update

related to the construction of the road and 30 construction jobs related to the construction of the new employment floorspace as set out in the business case.

### **10. Next steps**

- 10.1. It is recommended that a further full update on the Project, be presented at the 29 April 2022 Board meeting confirming whether the required approvals (Stage 2 Road Safety Audit Approval (RSA2) and the final S278 Agreement) are in place.
- 10.2. The Board will continue to receive regular updates on the Project until satisfied that the deliverability risk has been fully addressed and has reduced to an acceptable level.

### **11. SELEP comments**

- 11.1. The verbal update on the Project presented to the Board in November 2021 by East Sussex County Council, indicated that it was expected that the signalised (temporary) connection would be constructed by mid-2022 and that the full length of the new road would be opened to traffic following completion of the required TRO.
- 11.2. The anticipated timeline for completion of the signalised connection remains unchanged in this update, with an indicative timeline of Summer 2022 for road opening currently being provided and is now supported by Table 1 which sets out all the milestones which need to be achieved to enable the opening of the full length of the new road and the risks associated with each of these actions. There are still a number of outstanding approvals and TROs which need to be completed before the signalised connection can be constructed and the new road opened to traffic, however, clear milestones for each of these elements have been provided and progress against these milestones will be reported at future Board meetings.
- 11.3. Some further details on the milestones and timings of delivery will be sought for inclusion in the next update to Board, including an update on the timings for the public consultation on the prohibition of parking on Whitworth Road.
- 11.4. It is noted within the report that progress towards delivering the permanent (roundabout) connection with the A21 has been put on hold whilst Sea Change Sussex and East Sussex County Council focus on implementing the signalised connection and ensuring that the full length of the new road can be opened to all traffic. Whilst this approach may accelerate the delivery of the temporary connection, it has an associated negative impact on the timeline for any CPO which may need to be progressed to enable the acquisition of the remaining required land, if the permanent connection is to be delivered as set out in previous updates to the Board.
- 11.5. In Section 6.5 of this report, it indicates that consideration will be given to the potential for the signalised connection to be retained as a long-term solution, rather than being used as a temporary option whilst the permanent (roundabout) solution is progressed. The performance of the signalised connection will be monitored for up to 6 months following completion of the works to establish whether it satisfactorily mitigates the identified traffic issues or if further works are required.

## Queensway Gateway Road LGF Project Update

- 11.6. If, after due consideration, it is believed that the signalised connection is a viable option which will deliver the benefits outlined within the Business Case, a formal Change Request will need to be brought forward for Board consideration. In light of the time that has passed since the submission of the original Business Case (February 2015), the Change Request will need to revisit the benefits offered by the scheme and provide assurances that the Project continues to offer High value for money. There is a requirement for this Change Request to be considered by the Independent Technical Evaluator in advance of any decision by the Board to endorse the change in approach. It is currently anticipated that should a Change Request be required, that it will be brought forward for Board consideration in February 2023.
- 11.7. Finally, as indicated in the Business Case, the completed project will provide access to designated employment development sites within the Bexhill Hastings Growth Corridor which would otherwise not be brought forward. Specifically, the Project opens up the development potential of key sites south of The Ridge, with capacity for up to 12,000sqm of employment floorspace.
- 11.8. According to the Business Case, the development of these key employment sites will facilitate the creation of 900 new jobs, with the first jobs originally expected to be realised in 2018/19, on the assumption that the road would be open in November 2016. These jobs will not be created directly through the LGF investment and are therefore considered to be indirect benefits of the Project.
- 11.9. The direct benefits of the Project include reduced congestion on The Ridge, improved traffic flows on the A21 and the creation of new construction jobs. To date, reporting provided by East Sussex County Council indicates that 36 of the potential 42 construction jobs have been created as a result of the Project.
- 11.10. The delay in completing the final section of the Project presents a risk to the realisation of some of these benefits. The connection with the A21 is critical to ensure that the levels of congestion are reduced. It is expected that the completion of the signalised connection and the opening of the full length of the new road, will allow the immediate realisation of the anticipated traffic benefits and it is expected that these benefits will continue to be felt over a 15 year period.
- 11.11. It is noted that, due to the delays in completing the connection with the A21, the employment benefits will not be realised in accordance with the profile set out in the Project Business Case which indicated initial job creation in 2018/19.
- 11.12. Access to the employment land was unlocked in 2019, when the roundabout in the middle of the new road was completed. However, the realisation of the stated indirect employment benefits is entirely dependent upon this land being brought forward for commercial development, which is outside the scope of the Project, and therefore it is not currently possible to give an indication as to when the expected new jobs will be created. As a result, an updated profile for the new jobs has not been provided in this report. Further updates on the expected timeline for realisation of the employment benefits will be provided at future Board meetings. The completion of the signalised connection and the opening of the full length of the new road may increase the attractiveness of the available land.

11.13. It should be noted that if it is not possible to deliver the final connection with the A21 as set out within this report, that steps may be taken by the Board and Essex County Council (as the Accountable Body for SELEP) to recover the £10m LGF allocation to the Project from East Sussex County Council under the terms of the SLA which is in place.

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

- 12.1. There continue to be a number of challenges to completion of the Project, albeit that the full £10m LGF allocation has already been spent supporting delivery; this presents risks to the Board on assuring delivery of the expected outcomes, particularly given the slippage experienced to date.
- 12.2. Further slippage has been reported in delivery of both solutions since the last update provided in November 2021: The Signalised Connection (formerly referenced as the Temporary Solution) is now anticipated to be open to traffic in Summer 2022 (subject to the outstanding approvals and dependencies identified, including the TRO with East Sussex County Council and the statutory and public consultations). Delivery of the roundabout for the permanent solution is now proposed to be subject to a review of the Signalised Connection to determine if this is still required to deliver the planned benefits of the Project; the indicative timeline for this assessment is late 2022. Land acquisition and planning permissions are still required to complete the permanent connection, which will extend the timelines for delivery by a further 6 to 18 months from late 2022.
- 12.3. The remaining costs of the Project are to be met by the delivery Partner, Sea Change Sussex; East Sussex County Council have sought assurances from Sea Change Sussex that they have sufficient funding in place to meet the estimated costs set out in Table 2, to complete the Project.
- 12.4. 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. This is managed through a Service Level Agreement (SLA) that is in place with East Sussex County Council and sets out the conditions of the grant.
- 12.5. The LGF was transferred to East Sussex County Council, under the terms of the SLA which 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.
- 12.6. Should it not be possible, for example, to deliver the final section of the road to 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.
- 12.7. To mitigate these risks, the Board is advised to keep under review the delivery progress of this Project and to take this into account with regard to any further decisions made in this respect.

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

- 13.1. There are no significant legal implications arising from the proposals set out in this report. If the Project is cancelled at a later date, the provisions set out with the SLA will be activated, and Essex County Council, as the Accountable Body, will work with East Sussex County Council, to recover any abortive revenue costs.

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

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


#### **15. List of Appendices**

- 15.1. Appendix A - LGF Project Background Information

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

<b>Role</b>	<b>Date</b>
<b>Accountable Body sign off</b>  Stephanie Mitchener  (On behalf of Nicole Wood, S151 Officer, Essex County Council)	  03/02/2022

## Appendix A – LGF Project Background Information

<b>Name of Project</b>	<b>Queensway Gateway Road, Hastings</b>  East Sussex County Council
<b>Local Growth Fund (LGF) allocation</b>	£10,000,000 – initial award March 2015
<b>Description of what Project delivers</b>	<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 facilitate 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 Road will improve strategic connectivity in the Bexhill Hastings</p>

	<p>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"> <li>• to support the development and employment potential of the Bexhill Hastings Growth Corridor;</li> <li>• 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</li> <li>• to alleviate congestion at junctions to the A21 enabling Combe Valley Way to perform to its full potential as a driver of economic growth.</li> </ul>
<b>Project benefits</b>	<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>
<b>Project constraints</b>	<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 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> <p>An alternative signalised connection with the A21 is being progressed to allow use of the new road as a through route, whilst land acquisition negotiations continue.</p>
<b>Link to Project page on the website with full Business Case and links to any</b>	<p><a href="https://www.southeastlep.com/project/queensway-gateway-road/">https://www.southeastlep.com/project/queensway-gateway-road/</a></p> <p>Funding decision (note: original LGF allocation to the project was £15m):</p>

<p><b>previous decisions by Accountability Board and/or Strategic Board</b></p>	<p><a href="https://www.southeastlep.com/app/uploads/2018/06/Minutes-SELEP-Board-20th-March-2015-V3.pdf">https://www.southeastlep.com/app/uploads/2018/06/Minutes-SELEP-Board-20th-March-2015-V3.pdf</a></p> <p>Project changes:</p> <p><a href="https://www.southeastlep.com/app/uploads/2020/08/Accountability-Board-Summary-of-Decisions-23.02.18.pdf">https://www.southeastlep.com/app/uploads/2020/08/Accountability-Board-Summary-of-Decisions-23.02.18.pdf</a></p>
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**Forward plan reference number:** FP/AB/497

<b>Report title:</b> Local Growth Fund – London Gateway/Stanford le Hope Update Report	
<b>Report to:</b> Accountability Board	
<b>Report author:</b> Keith Rumsey, Interim Assistant Director – Regeneration and Place Delivery, Thurrock Council and Howard Davies, SELEP Capital Programme Officer	
<b>Meeting date:</b> 11 February 2022	<b>For:</b> Decision
<b>Enquiries to:</b> <a href="mailto:howard.davies@southeastlep.com">howard.davies@southeastlep.com</a>	
<b>SELEP Partner Authority affected:</b> Thurrock	

## 1. Purpose of report

- 1.1. The purpose of this report is for the Accountability Board (the Board) to receive an update on the delivery of the London Gateway/Stanford le Hope LGF project (the Project).
- 1.2. In July 2021 the Board was made aware of issues which have arisen through the delivery of the Project to date, which have resulted in project cost increases and a delay to delivery.
- 1.3. Updates continue to be presented to the Board whilst the Project remains as high risk.

## 2. Recommendations

- 2.1. The Board is asked to:
  - 2.1.1. **Note** the update on the project and progress towards the submission of an updated business case which sets out Value for Money and Benefits offered by the Project to be considered by the Board at the April 2022 Board meeting.

## 3. Background

- 3.1. The main aims of the project are to:
  - 3.1.1. Develop an interchange that will connect bus, rail, cycle, taxi and pedestrian modes of transport at Stanford le Hope station.
  - 3.1.2. Expand capacity at Stanford le Hope Station.
  - 3.1.3. 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.
  - 3.1.4. Help curb traffic growth and minimise growth in transport emissions in the area through this new transport interchange.

- 3.2. To assist with delivery of this complex regeneration project, the works as set out in the original Business Case have been assigned into 2 phases:
- 3.2.1. Station buildings - with passenger toilets, widened platform, level access to building and station platforms, real time customer information systems (Phase 1).
  - 3.2.2. Multi-modal interchange – 2 car passenger drop off positions with landing island, 2 taxi rank positions with landing island and shelter, 84 secure cycle parking spaces, 2 drop off positions and 1 pickup position for a bus with waiting facilities, protected pedestrian walking routes and desire lines. (Phase 2).
- 3.3. The Board approved an LGF allocation of £7.5m of the estimated £12.05m project cost in February 2017. This allocation has been spent in full, supporting design development, ground investigation, site de-risking, planning process and demolition works.
- 3.4. The project completion was expected to be December 2018. The original Business Case demonstrated strong value for money with a benefit cost ratio (BCR) of 9.4:1. The project supports the creation of an estimated 756 new jobs at DP World London Gateway and Thames Enterprise Park over the period up to 2031 through provision of infrastructure that will improve accessibility by sustainable modes of travel.
- 3.5. After early delays due to planning, contract issues and the wider impacts of Covid-19, additional expertise was introduced, and the project is now moving forward.
- 3.6. Planning permission for the Phase 1 works was granted in July 2021, followed by the commencement of a tender process in September 2021, finishing in March 2022 with works for Phase 1 due to be completed by December 2023. See programme Table 1.
- 3.7. The costs associated with the scheme have increased as the Project has progressed. After the demolition of the old railway station and installation of temporary facilities, site investigations, environmental constraints, and the practical considerations of construction made it necessary to make significant changes to the original design of the station. To expedite delivery of the station, land was acquired to the north of the station site. This was intended to assist with the development of a more strategic approach to area-wide regeneration including the opportunity for future improvements to sustainable movement and access. This land will also assist the construction of the new station facilities whilst maintaining operability of the station. In addition to unforeseen regeneration complexities, costs have also been affected by inflationary pressures and the wider impacts of Covid-19.
- 3.8. In February 2019, a further £4m of capital funding was allocated to the project budget by Thurrock Council in recognition of their commitment to regeneration of the area.
- 3.9. At a meeting of their Cabinet in July 2021, Thurrock Council agreed to increase the current envelope by £10m to deliver the scheme.
- 3.10. The current cost estimate of £29.09m (Table 2) remains a best case estimate as both elements of the Project are subject to confirmation of future costs through tender processes and final completion audits of the Project.

- 3.11. At the September 2021 Board meeting an extension to project completion until December 2023 was agreed.
- 3.12. At the November 2021 Board meeting it was agreed to extend the project completion date until July 2024, subject to an updated Business Case which sets out Value for Money and Benefits offered by the Project, for consideration by the April 2022 Board meeting at the latest.
- 3.13. An updated Business Case is currently being developed by Thurrock Council and this will be assessed by the Independent Technical Evaluator (ITE) prior to being presented to the April 2022 Board meeting.
- 3.14. At the Board Meeting in November 2021, it was agreed to confirm that a contractor had been appointed to deliver the Station upgrade (Phase 1) works, including updated delivery programme and confirmation that a full funding package is in place to deliver the works.
- 3.15. In addition, confirmation would be given on design progress for the Mobility Hub (Phase 2), including an update on the planning application progress and when it will be considered by the Local Planning Authority along with an outline delivery programme, forecast costs and confirmation that a full funding package is in place to deliver the Phase 2 works.
- 3.16. Thurrock Council cannot provide confirmation of a full funding package to deliver both phases 1 and 2, at this time, due to the timings and commercial sensitivity around procurement for Phase 1 and the reconsideration of options for delivery of Phase 2. An update on this position will be available as part of the updated business case due to be presented to the Board in April 2022.

#### **4. Progress Since Last Report**

##### **4.1. Phase 1 Station Upgrade**

- 4.2. Tender documents were issued by Thurrock Council to four contractors for competitive submissions in September 2021.
- 4.3. All tender clarifications were responded to during the period October to December 2021 with approximately 200 clarifications being sought by prospective contractors.
- 4.4. The tender period has ended with submissions by the contractors closing on the 7 January 2022. Originally the tender period was due to end in December 2021, but this was put back due to the proximity with Christmas and requests from tenderers. The tenders received are compliant and within the budget.

The tender evaluation will be carried out by a team of individuals from Thurrock Council, Mace, Network Rail and c2c. This team has been put together to give a spread of project and technical knowledge as well as represent the interests of as many of the stakeholders as practicable. The tender evaluation is being run during January and February 2022 with the notification of contract award being made in late February 2022 and the contract in place during early March 2022. An update will be provided to the Board in April 2022.

- 4.5. Governance of Railway Investment Project (GRIP 4) is still under review by Network Rail and c2c but is due for sign-off prior to the contract being put in place for the detailed design and construction.
- 4.6. An updated delivery programme has been provided (Table 1) which reflects the progress of the two Phases together. The programme shows delivery of Phase 2 following the completion of Phase 1 in December 2023. Dates are subject to the outcome of the tender process for Phase 1 which will be confirmed in March 2022.

## 5. Phase 2 Multi-Modal Interchange – Updated Position

- 5.1. As reported in the November 2021 update report, AECOM have undertaken pre-application discussions with the Council's planning officers on the concept plans. The design team are working to explore design options to address design issues raised by both site conditions and feedback from the planning pre-application meeting, which will then form the basis of revised costings and the planning application for Phase 2 works.
- 5.2. It is expected that a planning application for Phase 2 will be submitted in May/June 2022 (Table 1).
- 5.3. Thurrock Council Officers are also commissioning a review of the original business case and have approached the original business case planning team. The impact of the recent designation of the Thames Freeport will need to be included in the revised business case assessment and the impact this may have on the passenger demands on Stanford Le Hope Station.

## 6. Programme – Both Phases

- 6.1. Table 1 shows the current programme for Phase 1 and indicative timeline for Phase 2; this will be validated through the revised business case.

**Table 1: Updated Programme for both Phases of Project**

Project Programme	
Task	Date
Phase 1 - Invitation to Tender (ITT) – Design and Build Contractor (Complete)	September 2021
Phase 1 - Tender Submission	7 <sup>th</sup> January 2022
Phase 1 - Tender Evaluation Period	January – February 2022
Phase 1 - Governance of Railway Investment Project (GRIP) 4 – awaiting final sign off from NR and c2c	February 2022
Phase 1 - Contractor Appointed	March 2022
Phase 1 - Design and Build Contract (GRIP) 5-6	March 2022 to October 2023
Phase 1 - Project Completion (GRIP) 7-8	October 2023 to December 2023
Phase 1 & 2 Revised Business Case	March -April 2022
Phase 2 Planning Submission	May-June 2022
Phase 2 Completion	July 2024

## 7. Costs and Funding Package

- 7.1. The funding update provided to the Board in November 2021 has been updated to reflect the extension of the tender process and continuing work on planning the Phase 2 mobility hub. These have resulted in a reduced level of expenditure in the current financial year. Funding has been moved to future years and profiled as expected for the station works and mobility hub. The update also reprofiles Thurrock Council's contributions to the project.
- 7.2. The current funding profile (Table 2) shows a variation on the profile for spend prior to 2020/21 presented to the Board in November 2021. Confirmation of the correct profile will need to be provided by Thurrock Council for the next Board meeting in April 2022.

**Table 2: Current Funding Profile**

Source of Funding	Financial Profile £(m)					Total
	Spend to end 2020/21	2021/22	2022/23	2023/24	2024/25	
Thurrock Council	3.20	0.60	6.62	3.70	1.60	<b>15.72</b>
LGF	7.50					<b>7.50</b>
Other			1.14	3.20		<b>4.34</b>
S.106			0.93	0.60		<b>1.53</b>
<b>Total</b>	<b>10.70</b>	<b>0.60</b>	<b>8.69</b>	<b>7.50</b>	<b>1.60</b>	<b>29.09</b>

## 8. Delivery risks and identified mitigation

- 8.1. Table 3 shows the current risk register supplied by Thurrock Council.

**Table 3 Risks and Mitigation**

Risk	Mitigation
The Tender process to appoint the contractor doesn't generate sufficient interest, or tenders submitted exceed anticipated budgets, quality or required delivery timescales.	Closely manage the tender process. Ensure the tender timetable and actions associated are understood by all team members and key stakeholders. Engaging closely with procurement. Escalate any irresolvable issues emerging from the tender evaluation process asap.
The concept scheme design for Phase 2 interchange cannot be implemented due to site constraints, planning issues and available budget envelope.	Officers working with external design teams to explore design options that can be delivered within the budget and timescales and still deliver the required funding outcomes.
The revised scheme fails to achieve the stated cost Benefits, as assessed via the revised business case assessment.	The original scheme design delivered significant cost benefits outcomes when assessed via the business case

	assessment. The current scheme design seeks to achieve the same level of funding outcomes and will consider the wider strategic growth impacts of the Freeport on the investment of Stanford Le Hope station and interchange.
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## 9. Next Steps

- 9.1. Phase 1 – following the contract award in March 2022, the successful contractor will progress the design through GRIP stages 5 to 8, as set out in Table 1. Currently it is forecast that some enabling works will start on site in July 2022 with the expected completion date on site in October 2023. GRIP 5 sign off (end of detailed design) is currently forecast to be December 2022. These dates may need to shift slightly depending on the agreed construction methodologies for various aspects.
- 9.2. Phase 2 – The overall Project budget has been increased (Table 2), by £17.04m, from the original business case (£12.05m). The revised costs cover both Phase 1 and Phase 2. Thurrock Council Officers are working on a provisional cost breakdown of Phase 2 and designing accordingly. This may be subject to review following the conclusion of the tender exercise for Phase 1 and any variation will be reported as an update to the April 2022 Board.

## 10. SELEP comments

- 10.1. At the November 2021 Board meeting it was agreed to extend the Project completion date to July 2024. This was subject to a revised Business Case being presented for consideration to the April 2022 Board meeting; this is expected to set out an updated Value for Money assessment and will revisit the benefits to be realised by the Project,. A Project Change Request will be completed at the same time. The business case will need to be submitted to SELEP on 2 March 2022, to enable the required Independent Technical Evaluation, as follows:

**Table 4: Programme for review of revised project Business Case**

Action	Date
Business Case Submission	2 March 2022
Gate 1 Review Complete	9 March 2022
Updated Business Case submission (Gate 2 submission)	18 March 2022
Gate 2 review complete	25 March 2022

- 10.2. For this meeting Thurrock Council have been asked to provide an update on the Phase 1 tender progress, which has completed. Compliant bids within budget have been received and the assessment process is underway. Although the number of compliant tenders is unknown to SELEP at this time, Thurrock Council have stated that the returns are within the budget of the project. The successful contractor will be appointed in March 2022. An update on the confirmation of the contractor appointment will be given to the Board at the April 2022 meeting.

- 10.3. Thurrock Council is continuing to develop the concept designs for Phase 2, with this element expected to be delivered following the completion of Phase 1, as set out in the programme (Table 1).
- 10.4. At the September 2021 Board meeting it was agreed that confirmation of a full funding package being in place to deliver the Phase 2 work would be brought to this meeting.. Thurrock Council have advised that they are not yet able to provide this confirmation, as set out in 3.16 above; this will need to be included as part of the updated business case that will be assessed by the ITE ahead of a decision at the April 2022 Board meeting to agree the revised business case and the retention of the LGF against the Project.
- 10.5. At the November 2021 Board, SELEP's comments set out that the revised business case should address the increased costs, any amendments to the scope of Phase 2 of the Project (compared to the original business case) and should revisit the benefits to be realised as a result of the Project. An updated profile for the realisation of these benefits must also be included. The updated business case will also require an updated value for money assessment which demonstrates that the Project continues to offer High value for money.

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

- 11.1. There continue to be a number of challenges to completion of the London Gateway/Stanford le Hope Project, albeit that the LGF has already been spent supporting delivery; this presents risks on assuring delivery of the expected outcomes and value for money, especially given the increase in Project costs and delivery challenges of the original business case.
- 11.2. To mitigate these risks, the Board is advised to keep under review the delivery progress of the Project and to take this into account with regard to any further decisions made in this respect. The proposed revised business case will assist in clarifying future proposals, costs and benefits; further the value for money assessment within the revised business case will be subject to independent technical evaluation, which will give the Board greater assurance in this respect.
- 11.3. An essential component of the revised business case will be confirmation of the full funding package being in place for both Phases.
- 11.4. 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.
- 11.5. All LGF is transferred to Thurrock Council, as the Project's Lead Authority, under the terms of a Funding Agreement or SLA which makes clear that funding can only be used in line with the agreed terms. It is also clear that ensuring sufficient funding is available to support delivery of the Project is the responsibility of Thurrock Council.
- 11.6. The Agreements also set out the circumstances under which funding may have to be repaid should it not be utilised in line with the conditions of the grant or in accordance with the Decisions of the Board.

- 11.7. Should it not be possible, for example, to secure realisation of the outcomes and 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 £7.5m LGF allocated to the Project.
- 11.8. In addition, should any of the LGF spent on this Project have been used to fund any costs that are now abortive revenue costs, this will no longer meet the requirements of the Funding Agreement; in this circumstance, the funding may need to be returned or potentially reinvested in the Updated business case Project, subject to approval by the Board.
- 11.9. To mitigate these risks, the Board is advised to keep under review the delivery progress of this Project and to take this into account with regard to any further decisions made in this respect.

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

- 12.1. The grant is administered in accordance with the terms of the Grant Determination Letter between the Accountable Body and Central Government and is required to be used in accordance with the terms of the Service Level Agreement between the Accountable Body and the Partner Authority.

## **13. Equality and Diversity Implications**

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

## **14. List of Appendices**

- 14.1. Appendix A – 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)**

<b>Role</b>	<b>Date</b>
<b>Accountable Body sign off</b>  Stephanie Mitchener  (on behalf of Nicole Wood, S151 Officer, Essex County Council)	  03/02/2022

## Appendix A – LGF Project Background Information

<b>Name of Project</b>	<p><b>London Gateway/Stanford Le Hope</b></p> <p>Thurrock Council</p>
<b>Local Growth Fund (LGF) allocation</b>	<p>£7.5m (awarded February 2017)</p>
<b>Description of what Project delivers</b>	<p>The original Business Case set out the following:</p> <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"> <li>• 2 car passenger drop-off positions with landing island;</li> <li>• 2 taxi rank positions with landing island and shelter;</li> <li>• Protected pedestrian walking routes and desire lines;</li> <li>• 2 drop off and 1 pick-up position for a 12m rigid bus (allowing for double-decker) with waiting facilities; and</li> <li>• 84 new secure cycle parking spaces.</li> </ul> <p>The new station buildings will:</p> <ul style="list-style-type: none"> <li>• Target a BREEAM Excellent rating;</li> <li>• 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;</li> <li>• Offer increased and integrated waiting facilities with customer information systems;</li> <li>• Include passenger toilets, a commercial retail facility, widened Platform 1 with covered waiting areas, integrated passenger</li> </ul>

	<p>footbridge with lifts and level access from London Road to both station buildings and to the platforms;</p> <ul style="list-style-type: none"> <li>• 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.</li> </ul>
<b>Project benefits</b>	<p>The project will:</p> <ul style="list-style-type: none"> <li>• Develop an interchange that will connect bus, rail, cycle, taxi and pedestrian modes of transport at Stanford-le-Hope station;</li> <li>• Expand capacity at Stanford-le-Hope station turnstiles;</li> <li>• 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;</li> <li>• 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</li> <li>• Help curb traffic growth and minimise growth in transport emissions in the area through this new transport interchange.</li> </ul>
<b>Project constraints</b>	<ol style="list-style-type: none"> <li>1. Planning Permission is not in place for all elements of the project (Phase 2);</li> <li>2. Work is ongoing to confirm that a full funding package is in place.</li> </ol>
<b>Link to Project page on the website with full Business Case</b>	<p><a href="https://www.southeastlepp.com/project/london-gateway-stanford-le-hope/">https://www.southeastlepp.com/project/london-gateway-stanford-le-hope/</a></p>

**Forward plan reference number:** FP/AB/498

<b>Report title:</b> M2 Junction 5 Improvements – LGF Update Report	
<b>Report to:</b> Accountability Board	
<b>Report author:</b> Helen Dyer, SELEP Capital Programme Manager	
<b>Meeting date:</b> 11 February 2022	<b>For:</b> Note
<b>Enquiries to:</b> <a href="mailto:helen.dyer@southeastlep.com">helen.dyer@southeastlep.com</a>	
<b>SELEP Partner Authority affected:</b> Kent County Council	

## 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 M2 Junction 5 improvements Local Growth Fund (LGF) project (the Project).
- 1.2. At the end of 2020/21, the Board agreed that the £1.6m LGF awarded to the Project should be transferred to Kent County Council prior to the end of March 2021 on the condition that the funding would be repaid if Secretary of State for Transport approval was not received by 31 March 2022.
- 1.3. The Board received an update on the Project in September 2021, which indicated that Secretary of State for Transport approval for the scheme was received on 17 June 2021, thereby meeting the condition attached to the transfer of the funding.
- 1.4. In September 2021, the Board noted that the funding condition had been met and were informed that an update on project delivery would be provided at this meeting.

## 2. Recommendations

- 2.1. The Board is asked to:
  - 2.1.1. **Note** the update on project delivery.

## 3. Project Background

- 3.1. Junction 5 of the M2 forms part of the strategically important corridor linking Dover with London. The A249 Stockbury Roundabout at M2 Junction 5 has been identified as having capacity and network performance issues, in terms of both M2 east-west movements on and off the mainline and A249 north-south Sittingbourne/Maidstone movements.
- 3.2. The performance of the M2 was considered in the Kent Corridors to M25 Route Strategy, in addition to existing capacity constraints at the junction. It was also identified as being

joint 10th out of the top 250 collision locations nationally for the total number of casualties per billion vehicle miles for the period 2009-2011.

- 3.3. Previous study work was undertaken in July 2009 by Jacobs, who at the time were Kent County Council's Highways Partnership Consultant, on behalf of Highways England (now National Highways), Kent County Council and Swale Borough Council. This work identified capacity issues at the M2 Junction 5 and set out short term solutions (up to 2016). The need for longer term solutions to accommodate future planned development was also identified. Further work was undertaken by WSP | Parsons Brinckerhoff (formerly Parsons Brinckerhoff) at the request of Highways England in September 2012, which considered further options for improvements and looked at fundable capacity enhancements for M2 Junction 5.
- 3.4. The need for this Regional Investment Programme (RIP) study was identified during the Route Strategies work stream in 2014. A commitment to undertake a detailed improvement study at M2 Junction 5 was made as part of the 2014 Autumn Statement, and subsequently detailed in the DfT's Road Investment Strategy (RIS). The RIS (December 2014) included an investment of between £50 - 100m for improvements to M2 Junction 5.
- 3.5. In March 2015, Highways England established their investment priorities for the Kent Corridor. It was identified that the M2 at junction 5 would benefit from improvements to increase capacity to assist the delivery of residential and employment growth.
- 3.6. In line with the National Policy Statement for National Networks, the high-level objectives of the Project are:
  - 3.6.1. To enhance capacity, connectivity, and resilience to support national and local economic activity and facilitate growth and create jobs;
  - 3.6.2. To support and improve journey quality, reliability, and safety;
  - 3.6.3. To join communities and link them effectively to each other;
  - 3.6.4. To support the delivery of environmental goals and move to a low carbon economy; and
  - 3.6.5. To improve road safety with a reduction in the number of collisions.
- 3.7. The Board approved the award of £1.6m LGF to the Project in February 2020. At the time of funding approval it was anticipated that the delivery of the Project would be complete in January 2023, however, delivery of the Project has progressed at a slower rate than expected as a result of the delayed Public Inquiry which was carried out at the request of the Planning Inspectorate.

## **4. Outline of project proposals**

- 4.1. The Project seeks to deliver improvements to the Junction 5 of the M2, where the M2 and A249 meet. The project will:

- 4.1.1. replace the existing roundabout with a new interchange, including a flyover which will allow free-flowing movement on the A249.
- 4.1.2. provide two new dedicated free-flowing slip roads with a left turn for traffic travelling from the A249 southbound to the M2 westbound and a left turn from the A249 northbound to the M2 eastbound.
- 4.1.3. provide a new link between Oad Street and Maidstone Road with the A249 at Stockbury roundabout.

## 5. Project Update

- 5.1. Following the conclusion of the Public Inquiry, the Secretary of State for Transport confirmed their approval for the project in June 2021. Following receipt of this confirmation, a detailed review of the Project programme was undertaken by National Highways.
- 5.2. The current delivery programme is set out in Table 1 below.

**Table 1 – Current Programme**

Task	Timeline
Phase 1: Site clearance, utility diversions, archaeological investigations and site compound set up	Sep 2021 – Dec 2021
Phase 2: Start of main construction, preparation work for new Maidstone Road and Oad Street links, site clearance, foundation, and piling work	From Jan 2022
Phase 3: New roundabout construction, final stages of new Oad Street link, preparation work for A249 southbound and northbound exit slips, and preparation work for A249 northbound entry slip	Spring 2022 – Winter 2022
Phase 4: A249 southbound exit slip construction, A249 northbound entry slip construction, lifting of bridge beams for new flyover, and construction of bridges for new roundabout	Winter 2022 – Summer 2023
Phase 5: A249 flyover construction, A249 carriageway construction, reinforced soil walls construction	Summer 2023 – Winter 2024

- 5.3. The revised programme considers all reasonably foreseeable circumstances which may impact on project delivery.

### Funding Package

- 5.4. The £1.6m LGF funding contribution forms part of a complex funding package, which also includes investment from Kent County Council.
- 5.5. The LGF allocation was transferred to Kent County Council in March 2021, and has subsequently been commuted to National Highways to enable them to proceed with delivery of the project.

5.6. The full funding package for the Project is set out in Table 2 below.

**Table 2 - Funding Package (£m)**

Funding source (£m)	To date	2021/22	2022/23	2023/24	2024/25	2025/26	Total
Local Growth Fund	1.6	-	-	-	-	-	<b>1.6</b>
Kent County Council	0.9	-	-	-	-	-	<b>0.9</b>
National Highways	12.8	8.1	38.7	24.3	4.9	0.6	<b>89.4</b>
<b>Total</b>	<b>15.3</b>	<b>8.1</b>	<b>38.7</b>	<b>24.3</b>	<b>4.9</b>	<b>0.6</b>	<b>91.9</b>

## 6. Financial Implications (Accountable Body comments)

- 6.1. Essex County Council, as the Accountable Body, is responsible for ensuring that the LGF funding is utilised in accordance with the conditions set out by Government for use of the Grant.
- 6.2. All LGF is transferred to Kent County Council, as the Project Lead Authority, under the terms of an SLA which makes clear that funding can only be used in line with the agreed terms.
- 6.3. The Agreements also set out the circumstances under which funding may have to be repaid should it not be utilised in line with the conditions of the grant or in accordance with the Decisions of the Board.

## 7 Legal Implications (Accountable Body comments)

- 7.1 There are no significant legal implications.

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

(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
<b>Accountable Body sign off</b>  Stephanie Mitchener  (on behalf of Nicole Wood, S151 Officer, Essex County Council)	  03/02/2022



<b>Report title:</b> Update on SELEP Revenue Budget 2021/22	
<b>Report to Accountability Board</b>	
<b>Report author:</b> Lorna Norris, Senior Finance Business Partner	
<b>Meeting Date:</b> 11 February 2022	<b>For:</b> Decision
<b>Enquiries to:</b> <a href="mailto:lorna.norris@essex.gov.uk">lorna.norris@essex.gov.uk</a>	
<b>SELEP Partner Authority affected:</b> Pan SELEP	

## 1. Purpose of Report

- 1.1 The purpose of this report is for the Accountability Board (the Board) to consider the latest financial forecast position for the SELEP Revenue budget for 2021/22.

## 2. Recommendations

- 2.1 The Board is asked to:
- 2.1.1 **Note** the current forecast net cost of services for 2021/22 is an under spend of £153,000;
  - 2.1.2 **Approve** the appropriation from the redundancy reserve of £112,493 to support the establishment of a provision for redundancy costs of the equivalent value.

## 3. Background

- 3.1 The operation of SELEP through 2021/22 continues to be detrimentally impacted by the lack of assurances with respect to future funding and the uncertainties attributed to Government due to the lack of outcome of the latest LEP review and the on-going delays in publishing the Levelling Up White Paper.
- 3.2 Messaging in August 2021 confirmed that Government would only provide LEPs with an initial six months of core funding for 2021/22 to the value of £250,000; the LEP review process was then to be used to inform decisions on provision of funding for the remaining 6 months of the year. LEPs were also advised that only business critical posts should be recruited to where vacancies arose. This meant that spend plans had to be amended accordingly to ensure funding wasn't over-committed where there was no assurance of receipt.
- 3.3 In November 2021, SELEP was advised by Government that it could apply for the remaining unallocated core funding of £250,000. In late December, the Government confirmed the allocation and transferred the funding to the

Accountable Body.

- 3.4 The late receipt of this funding has meant that much of the cancelled or delayed spend can't now practically be reinstated in the final quarter of 2021/22; it does mean, however, that reserves will not need to be so heavily called upon to support the current year's budget and provides additional options for delivery moving into 2022/23. The SELEP Chief Executive Officer has advised that the use of this funding should reflect on the direction of travel for SELEP as indicated by the Levelling Up White Paper (now expected to be published in February 2022); proposals in this respect will be brought to a future meeting, taking into consideration confirmations, or otherwise, of any future year funding for SELEP.

#### **4. 2021/22 Revenue Budget Update**

- 4.1 The updated 2021/22 SELEP revenue budget was agreed by Accountability Board at its July 2021 meeting. The latest forecast outturn position is set out in Table 1 and indicates an under spend of £153,000 against the budgeted net cost of services of £922,000; the impact of this is an increase to the budgeted net contribution to reserves (before other adjustments) of £153,000 – from £78,000 to £231,000.
- 4.2 There are two key changes in the forecast that underpin the movement set out above, as follows:
- 4.2.1 Firstly, as set out in 3.3 above, the receipt of the £250,000 of Core Funding in December has provided additional income with which to support the cost of services; reducing the impact on reserves in 2021/22; and
- 4.2.2 The requirement to establish a provision for the expected redundancy costs for 5 members of the SELEP Secretariat, due to be incurred in 2022/23. The cost of this provision is £112,493. As SELEP has a reserve in place to mitigate against the risk of redundancy costs, it is proposed to offset the cost of the provision through an appropriation from the Redundancy Reserve of an equivalent value.
- 4.3 When these movements are taken into account, alongside the other funds previously approved (in November 2021) to be transferred to reserves, the forecast net surplus to be appropriated to reserves is £1.897m. This represents an improvement on the forecast position set out in November 2021 of £253,000.
- 4.4 Within this position, there is, however, a number of small movements in planned use of the specific grant income allocated to SELEP, with a small amount of slippage into 2022/23; this is set out in table 2.
- 4.5 A substantive movement is forecast however, with respect to the Covid-19 Support funds:

- 4.5.1 Covid-19 Skills Fund: forecast slippage into 2022/23 of £580,000; in November 2021 no slippage was forecast, however, a review of the programmes with the respective suppliers has highlighted a delay in delivery due in part to Covid restrictions meaning that online training has become essential which has required ensuring individuals have appropriate internet access and equipment. Additionally, demand has been lower than anticipated due to unemployment not being as high as expected after furlough ending and other similar programmes (such as the DWP Restart) being launched since. Adaptions are being made through change control requests such as supporting under-employed people (e.g. on zero hours contracts) which is likely to see an increase in numbers but this coupled with the delayed start date of June 2021 (from April 2021) has meant slippage is necessary. Programmes are expected to finish in quarter 1 of 2022/23 with some activity in terms of evaluation reports and completion of courses likely into quarter 2.
- 4.5.2 Covid-19 Business Support Fund: forecast slippage into 2022/23 of £922,000; this represents an increase in slippage of £415,000 from the position reported in November 2021. A review of the programme has attributed the increase in slippage due to (i) a longer than expected processing period for the Revi-VE visitor economy grant programme and (ii) a three month extension to the grant application period for digital and pre-start/start-up support, to compensate for business reticence caused by the Omicron wave. Initial slippage against 2020/21 budget, is due to all 24-month programmes having a delayed contracted start date of June 2021 rather than April 2021.
- 4.6 The slippage in these two programmes means that the delivery phase of all programmes will run into 2022/23, which will have associated resource requirements for managing delivery. Monitoring and evaluation is expected to complete within the 24-month programme period for the Covid-19 Business Support Fund, which will extend into Q1 2023/24.
- 4.7 No movement is currently forecast in the amount of external interest on capital balances expected to be received. This position remains under review by the Treasury Management team at Essex County Council, who have currently advised to assume no further interest at this stage.
- 4.8 Table 2 sets out the forecast position for the specific revenue funds, the in-year movement of which is incorporated into Table 1. It is currently assumed that the majority of specific grants will spend in line with budget; however, where it is known that the programmes or workstreams funded by the grant are planned to be delivered post 2021/22, this has been reflected in the grant forecast spend profile.

**Table 1 – Total SELEP Revenue Budget Outturn Forecast – December 2021**

	Forecast Outturn £000	Latest Budget £000	Variance £000	Variance %	Previous Forecast £000	Forecast Movement £000
Staff salaries and associated costs	951	1,101	(150)	-14%	951	-
Staff non salaries	15	10	5	56%	12	3
Recharges (incl. Accountable Body)	345	366	(21)	-6%	374	(29)
Provision For Redundancies	112	-	112	-	-	112
<b>Total staffing</b>	<b>1,423</b>	<b>1,477</b>	<b>(54)</b>	<b>-4%</b>	<b>1,337</b>	<b>86</b>
Meetings and admin	32	40	(8)	-20%	32	-
Chair and Deputy Chair Allowance including oncosts	39	41	(2)	-5%	39	-
Consultancy and project work	349	472	(123)	-26%	353	(4)
COVID-19 Support Programmes	2,533	4,453	(1,919)	-43%	3,504	(971)
Grants to third parties	2,525	2,675	(150)	-6%	2,527	(2)
<b>Total other expenditure</b>	<b>5,478</b>	<b>7,680</b>	<b>(2,202)</b>	<b>-29%</b>	<b>6,454</b>	<b>(977)</b>
<b>Total expenditure</b>	<b>6,902</b>	<b>9,157</b>	<b>(2,256)</b>	<b>-25%</b>	<b>7,791</b>	<b>(890)</b>
Grant income	(3,419)	(3,593)	174	-5%	(3,175)	(244)
Contributions from partners	(150)	(150)	-	0%	(150)	-
COVID-19 Support Fund	(2,550)	(4,493)	1,943	-43%	(3,545)	995
External interest received	(13)	-	(13)	0%	(13)	-
<b>Total income</b>	<b>(6,132)</b>	<b>(8,235)</b>	<b>2,103</b>	<b>-26%</b>	<b>(6,883)</b>	<b>751</b>
<b>Net cost of services</b>	<b>769</b>	<b>922</b>	<b>(153)</b>	<b>-17%</b>	<b>908</b>	<b>(140)</b>
<b>Funds transferred to the Operational Reserve (not charged to services)</b>						
GPF Contribution transferred to Reserves	(1,000)	(1,000)	-	0%	(1,000)	-
Other re-purposed funds transferred to Reserves	(1,554)	-	(1,554)	-	(1,553)	(1)
Contribution from Redundancy Reserve	(112)	-	(112)	-	-	(112)
Net Deficit (Surplus) on provision of services	<b>(1,897)</b>	<b>(78)</b>	<b>(1,819)</b>	<b>2333%</b>	<b>(1,645)</b>	<b>(253)</b>
<b>Net Contributions to/(from) Operational reserves</b>	<b>1,897</b>	<b>78</b>	<b>1,819</b>	<b>2333%</b>	<b>1,645</b>	<b>253</b>
<b>Final net position</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0%</b>	<b>-</b>	<b>-</b>

**Table 2 – Specific Revenue Funds 2021/22 Forecast Summary**

Fund	Funding Brought Forward £000	Funding Received £000	Funding Applied £000	Funding Repurposed to Reserves £000	Funding Carried Forward £000
GPF Revenue Grant	(987)	-	-	987	-
Sector Support Fund (SSF)	(1,394)	-	1,246	127	(22)
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)	83	-	(29)
Delivering Skills for the Future	(1)	-	1	-	-
Energy Strategy Grant	(7)	-	7	-	-
Developing High Streets	(10)	(10)	20	-	-
<b>Total Grant Income Applied</b>	<b>(2,785)</b>	<b>(1,275)</b>	<b>2,896</b>	<b>1,113</b>	<b>(51)</b>
SELEP Core and GBF Capacity Grants	(23)	(500)	523	-	-
Covid-19 Skills Fund	(2,096)	-	1,098	418	(580)
Covid-19 Business Support Fund	(2,396)	-	1,452	23	(921)
<b>Total Revenue Funding Applied</b>	<b>(7,301)</b>	<b>(1,775)</b>	<b>5,969</b>	<b>1,554</b>	<b>(1,553)</b>

4.9. In addition to the revenue funds set out in Table 2, the Accountable Body administers the capital funds in Table 3 on behalf of SELEP; the investments through grants or loans to third parties are to support delivery of the SELEP priorities, including the COVID-19 recovery. The notes below sets out the position for each Fund.

**Table 3: Capital Funds Administered by SELEP in 2021/22**

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) (DLUHC)	(5,146)	-	5,146	-
Local Growth Fund (LGF) (DfT)	(8,399)	-	8,399	-
Growing Places Fund (GPF) (on-going Loan Fund)	(16,817)	(5,589)	12,767	(9,640)
Getting Building Fund (GBF)	-	(42,500)	TBC	TBC
<b>Total Funds</b>	<b>(30,362)</b>	<b>(48,089)</b>	<b>26,311</b>	<b>(9,640)</b>

#### 4.10. Notes to Table 3

- 4.10.1. Local Growth Fund (LGF) – all remaining LGF held is expected to be transferred to delivery partners by the end of 2021/22, subject to completion of any outstanding legal agreements. However, circa £26m of the total LGF allocation is planned to be spent by partners from 2022/23 onwards, with on-going commitments of delivery, monitoring and evaluation to SELEP and the Accountable Body (see Agenda Item 10).
- 4.10.2. Local Growth Fund (LGF) (DFT) – the brought forward balance from 2020/21, is expected to be fully spent in 2021/22. A further allocation is expected to be received in relation to the A127 Fairglens project, but this remains subject to final approval by the Secretary of State. It is now assumed, that should this funding be received, this will be in 2022/23 and fully spent in year – see Agenda Item 10 for further details.
- 4.10.3. The GPF funding carried forward into 2021/22 is fully allocated across 2021/22 and 2022/23; future investments will be subject to receipt of the loan repayments due in 2021/22 and beyond and decision making by the Strategic Board and the Board with respect to continued investment into the GPF pipeline. Further information on the GPF position can be found in Agenda Item 18. Current commitments in the management and oversight of this fund by the Accountable Body extend beyond 2026/27, when the final repayment is currently due.
- 4.10.4. The Ministry of Housing, Communities and Local Government (now the Department for Levelling Up, Housing and Communities or DLUHC) awarded SELEP Getting Building Fund (GBF) totalling £85m; £42.5m of this fund was awarded and transferred to partners in 2020/21; the remaining £42.5m was received by the Accountable Body in May 2021; slippage in this programme has meant that circa £11.241m is currently forecast to be spent after 31 March 2022, but, will be subject to Board decision on treatment of this funding. Further information on this decision is set out in Agenda item 6.

## **5. Reserves**

- 5.1 The SELEP 2021/22 budget includes a contribution to the Operational reserve of £78,000; however, the forecast underspend of £153,000, plus the appropriation from the redundancy reserve to offset the redundancy provision of £112,000, increases this contribution to £343,000.
- 5.2 The existing ring-fenced Covid-19 reserves are to support the contractual commitments in place to deliver the Skills and Business Support Covid-19 recovery programmes. Both the Skills and the Business Support contracts are due to conclude post 2021/22 (see section 4.5) and require a total of £1.502m of this funding to be carried forward to meet this commitment.
- 5.3 Due to the on-going uncertainties with respect to the future role and funding for the SELEP, the Accountable Body continues to work with the SELEP Secretariat to consider the overall funding position to ensure sufficient funding is available to meet the existing commitments and risks that the Accountable Body is managing on-behalf of SELEP. These include:
  - 5.3.1 Financial oversight, management and reporting on the grant and loan agreements Essex County Council has put in place on behalf of SELEP; the longest agreement currently expires 2026/27;
  - 5.3.2 Costs associated with employing the Secretariat, including potential redundancy costs;
  - 5.3.3 Operational costs of SELEP and any costs specifically associated with the operation of South East LEP Ltd.
- 5.4 In addition to this, there are several known risks that may require future funding; these are set out in the Operations Report (Agenda Item 20).
- 5.5 In recognition of this, the Board agreed to re-prioritise uncommitted funds to establish three ring-fenced reserves in November 2021, which are set out in Table 4 below. The impact of the proposals is reflected in the forecast in Table 1.
- 5.6 An appropriation has been recommended to be made from the redundancy reserve to offset the provision that is required to be established in recognition that redundancy notices have been issued for 5 members of the Secretariat.
- 5.7 The value of the ring-fenced reserves continues to be kept under review to ensure that sufficient funds remain available to meet anticipated future cost pressures and risks.
- 5.8 Table 4 provides a forecast summary of the overall reserves position at the end of 2021/22 and reflects the impact of the proposed changes.
- 5.9 The level of the reserves is based on the latest estimate of known commitments and risks; this will be subject to review as part of the on-going financial monitoring and will continue to form part of the reporting to the Board

on a quarterly basis. Any changes in the level of reserves will be subject to future decision making by the Board.

- 5.10 It should be noted that the balance in the Operational Reserve reflects the funding available to support the SELEP budget into 2022/23; this is currently forecast at £253,000 higher than the position reported in November 2022, due to the reasons set out in 4.2 above. It is understood that options will be presented to the SELEP Strategic Board, alongside the proposed delivery plan, in March 2022, to consider how this funding may be applied, taking into consideration the Levelling Up White Paper, now expected to be published, by Government, in February 2022. It is anticipated that these options will also include consideration of the reinstatement of the £126,736 of Sector Support Funding; this was approved to be diverted from the scheme in November 2021 due to the then uncertainty with respect to receipt of the second tranche of the core funding. All options with respect to the use of this funding will need to be affordable with respect to the operation and management of the funds and take into account the on-going funding uncertainties for SELEP beyond 2021/22.

**Table 4: 2021/22 Reserves Summary**

	Opening Balance Apr '21 £'000	Contributions £'000	Withdrawals £'000	Closing Balance Mar '22 £'000
<b>Operational Reserve</b>	972	1,897	(1,673)	1,196
<b>Ring-fenced Reserves Earmarked for future use</b>				
Covid-19 Skills Support Fund	2,096	-	(1,516)	580
Covid-19 Business Support Fund	2,396	-	(1,475)	921
Redundancy Reserve	-	275	(112)	163
Future Commitments Reserve	-	423	-	423
Risk Reserve	-	975	-	975
<b>Total Reserves</b>	<b>5,465</b>	<b>3,570</b>	<b>(4,776)</b>	<b>4,259</b>

## 6. Financial Implications (Accountable Body comments)

- 6.1 This report has been authored by the Accountable Body and the recommendations are considered appropriate.
- 6.2 A key continuing risk for SELEP remains the lack of assurance of future funding streams from Government; currently no new funding streams are anticipated from 2022/23.
- 6.3 A number of the SELEP Secretariat staff are funded through specific grants which are only confirmed on an annual basis; this builds in additional risk to assuring employment and delivery; this risk is mitigated through the proposed budget, reserves and planned redundancies.

- 6.4 Given the challenging reserves position for the SELEP, it will be necessary to consider carefully the impact of future decision making, including new funding streams, to ensure that sufficient resources remain available to support any new commitments arising.

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

None

**8. Equality and Diversity implication**

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

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

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

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

**9. List of Appendices**

None

**10. List of Background Papers**

None

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

Role	Date
<b>Accountable Body sign off</b>	
Stephanie Mitchener	03/02/2022
(On behalf of Nicole Wood, S151 Officer Essex County Council)	