

ACCOUNTABILITY BOARD

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

Quorum: 3 (to include 2 voting members)

Membership

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

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

For information about the meeting please ask for:

Lisa Siggins, Secretary to the Board

Telephone: 033301 34594

Email: democratic.services@essex.gov.uk

Essex County Council and Committees Information

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

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

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

How to take part in/watch the meeting:

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

Members of the public:

Online:

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

1 Welcome and Apologies for Absence

2 Minutes of the last meeting

6 - 18

To approve the minutes of the meeting held on 12 February 2021.

3 Declarations of Interest

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

4 Questions from the public

In accordance with the Policy adopted by the SELEP, a period of up to 15 minutes will be allowed at the start of every Ordinary meeting of the Accountability Board to enable members of the public to make representations. No question shall be longer than three minutes, and all speakers must have registered their question by email or by post with the SELEP Secretariat (hello@southeastlep.com) by no later than 10.30am on the Monday morning before the meeting. Please note that only one speaker may speak on behalf of an organisation, no person may ask more than one question and there will be no opportunity to ask a supplementary question.

On arrival, and before the start of the meeting, registered speakers must identify themselves to the Governance Officer for an in-person meeting, or the host of the meeting if it is being held virtually.

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

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	Appendix B will be considered under Exempt items.	
10	Bexhill Enterprise Park North project update	102 - 108
11	A28 Sturry Link Road Project Update	109 - 116
12	A13 Widening LGF Funding Decision	117 - 125
13	Kent and Medway EDGE Hub – LGF funding decision	126 - 134
14	LGF(Local Growth Fund)additional funding awards	135 - 157
15	Date of Next Meeting	
	To note that the next meeting will be held on Friday 6th July 2021, venue to be confirmed.	
16	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.

**17 Queensway Gateway Road Project CONFIDENTIAL
APPENDIX B**

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

18 Urgent Exempt Business

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

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

Present:

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

Marwa Al-Qadi	East Sussex County Council
Roshna Ahmad	Member of the public
Suzanne Bennett	SELEP
Amy Bernardo	Essex County Council
Stephen Bishop	Steer
Bernard Brown	RAUDIN
Chris Brodie	SELEP Chair
Adam Bryan	SELEP
Lee Burchill	Kent County Council
Matthew Brown	Colchester Borough Council
Joanne Cable	Medway Council
Edmund Cassidy	Steer
Paul Chapman	Essex County Council
Howard Davies	SELEP
Richard Dawson	East Sussex County Council
Helen Dyer	SELEP
Amy Ferraro	SELEP
Alison Fogg	Colchester Amphora Trading Ltd
Ian Lewis	Opportunity South Essex
Gary MacDonnell	Essex County Council
Piers Meyler	Essex Live
Stephanie Mitchener	Essex County Council (as delegated S151 Officer for the Accountable Body)

Charlotte Moody	Essex County Council (Legal representative for the Accountable Body)
Rhiannon Mort	SELEP
Lorna Norris	Essex County Council
Sarah Nurden	KMEP
Vivien Prigg	Essex County Council
Sarah Read	Essex County Council
Tim Rignall	Southend Borough Council
Alex Riley	SELEP
Christopher Seamark	Kent County Council
Peter Shakespear	Essex County Council
Lisa Siggins	Essex County Council
Stephen Taylor	Thurrock Council
Luke Wastell	GT Comms Ltd
Katherine Wyatt	SELEP

1 Welcome and Apologies for Absence

An apology was received Cllr Keith Glazier substituted by Cllr Rupert Simmons. The Chair informed the Board that Chris Brodie, the Chair of the Strategic Board was present at today's meeting as a visible presence but would not have any voting rights.

2 Minutes 20.11.20

The minutes of the meeting held on Friday 20th November were agreed as an accurate record.

3 Declarations of Interest

Councillor Rupert Simmons declared a code interest in respect of agenda item 5 (Local Growth Fund Capital Programme Update which included Bexhill Enterprise Park North LGF funding decision) as he is a Director of Sea Change Sussex, the company who will manage the delivery of the project.

In light of this non-pecuniary code interest, Cllr Simmons remained in the room during agenda item 5 but did not vote on this agenda item.

4 Public Questions

There were no public questions raised for the meeting. The Chair commented that correspondence had been received in relation to the Queenway Gateway

Road project. The Chair requested that a detailed update report be received from East Sussex County Council on the delivery of the project at the next meeting of the Accountability Board on 12 March 2021.

5 Local Growth Fund Capital Programme Update

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

The Board were advised that it is currently forecast that £94.388m LGF will remain unspent at the end of 2020/21. This figure includes £77.418m LGF from Ministry of Housing Communities and Local Government (MHCLG) and £16.970m LGF from the Department for Transport (DfT).

With regards to Bexhill Enterprise Park North, the Board were advised that the planning appeal had been heard and the outcome was now awaited. An update will be given at the March Board meeting. Councillor Simmons stated that he was optimistic that the appeal would be successful.

The Board proceeded to discuss the risks involved if the funding was not able to be reallocated by the end of the current financial year. The discussion also included the timings of LGF reallocation of funding that will be taken at the March Board meeting and the pipeline of projects currently in place. It was acknowledged that there were logistical issues with the timings involved.

In response to a request from Chris Brodie regarding assurances regarding the advanced payment of the grant funding. , Clarification was provided by Stephanie Mitchener as delegated S151 Officer for the Accountable Body as to the roles and responsibilities of the S151 Officers within partner authorities in relation to the funding.

A final discussion was then had regarding the reputational risks associated with failed projects. Rhiannon Mort provided some clarification, including the need for clear rationale and the need for a lessons learnt report to be presented back to the Board in 2021/22.

Resolved:

1. **To Agree** the updated total planned LGF spend in 2020/21 of £50.189m excluding Department for Transport (DfT) retained schemes and increasing to £73.183m including DfT retained schemes, as set out in Table 1 and Appendix A. of the report.

2. **To Agree** the spend of LGF beyond 30 September 2021 and the revised completion date for the 18 projects listed in appendix C. of the report.

3. **To Agree** that the Bexhill Enterprise Park North project should remain on hold and no LGF will be transferred, over and above the £0.440m LGF currently held

by East Sussex County Council, until the outcome of the planning appeal is considered by the Accountability Board on 12 March 2021.

4. **To Agree** the cancellation of the Basildon Innovation Warehouse project from the LGF programme

5. **To Note** the £870,000 LGF allocation from the cancellation of the Basildon Innovation Warehouse project is reallocated to the next project on the LGF programme; namely the Kent Engineering, Design, Growth and Enterprise (EDGE) hub.

6 A127/A130 Fairglens Interchange

The Board received a report from Howard Davies, SELEP Capital Programme Officer, the purpose of which was to present information to the Board to allow them to consider the award of £13.5m Department for Transport (DfT) Retained Local Growth Fund (LGF) to the A127/A130 Fairglens Interchange Project (the Project) as detailed at Appendix A. of the report.

Resolved:

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

7 Colchester Grow-on Space Funding Decision

The Board received a report from Howard Davies, SELEP Capital Programme Officer, and a presentation from Steer, the purpose of which was to allow the Board to consider the award of £3,777,451 Local Growth Fund (LGF) to contribute towards the delivery of the Colchester Grow-on Space project (the Project).

Resolved:

1. **To Approve** the award of £3,777,451 LGF to support the delivery of the Project identified in the Business Case and which has been assessed as presenting high value for money with medium certainty of achieving this, subject to:

- planning permission having been confirmed by Colchester Borough Council Planning Committee on 4 March 2021; and
- approval of spend beyond the Growth Deal by SELEP Ltd on 19th March 2021.

2. **To Agree** that if full planning consents aren't awarded at the meeting of the Colchester Borough Council Planning Committee on 4 March 2021 the funding will revert to the LGF pipeline.

3. **To Note** that under agenda item 15 the Board were asked to agree that the £3.777m LGF is transferred to Essex County Council, as Lead Authority by 31 March 2021. No funding can be drawn down by Essex County Council until the conditions set out above has been satisfied.

8 LGF COVID-19 Fund Report

The Board received a report from Katherine Wyatt, Capital Programme Officer and details of the assessment by Steer, the purpose of which was for the Board to consider the award of £3,802,000 Local Growth Fund (LGF) to the seven projects set out below and detailed at Appendix B. These projects were included on the LGF pipeline agreed by Strategic Board at their meeting on 11 December 2020.

Resolved:

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

1. Kent and Medway Medical School (£1,000,000).
2. Flightpath Phase 2, Essex (£560,000).
3. Dover TAP, as part of Kent Strategic Congestion Management Programme (£100,000).
4. A127 Essential Maintenance/ The Bell, Southend (£207,000).
5. East Malling NIAB, Kent (£315,000).
6. Southend Town Centre (£125,000).
7. Skills and business support for rural businesses post Brexit project (£1,495,000).

9 Eastbourne Fisherman's Quay

The Board received a report from Helen Dyer, SELEP Capital Programme Officer and a presentation from Steer, the purpose of which was for the Board to consider a proposed change of scope to the Eastbourne Fisherman's Quay LGF project (the Project).

Resolved:

1. **To Agree** that the proposed change of project scope, as set out in Section 5 of the report, can be implemented.
2. **To Agree** the award of an additional £360,000 LGF funding to support the delivery of the Project, which has been assessed as presenting High value for money with Low/Medium certainty of achieving this;
3. **To Note** that, subject to agreement in relation to 1. and 2. above, that a full funding package is in place to deliver the Project; and
4. **To Note** that under Agenda Item 15, the Board were asked to agree that the full £1.44m LGF allocation should be transferred to East Sussex County Council by 31st March 2021.

10 A28 Sturry Link Road Project Update

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

The Chair advised that additional information had been received and circulated to Board members.

Rhiannon informed the Board that planning consent for the residential development had been approved by Canterbury City Council and that a further update would be provided at the March Board meeting.

Councillor Gough stressed the importance of the project to the Board and explained the wider impact should funding be revoked. He urged the Board to support Option 1 as set out in the report.

Resolved:

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

11 Maidstone Integrated Transport Package Project Update

The Board received a report from Rhiannon Mort, the purpose of which was for the Board to receive an update on the delivery of the Maidstone Integrated Transport Package (MITP (the Project)).

Councillor Gough spoke in support of the project, pointing out that there are clear timelines in place, with good progress having been made. He believed that the planning position was favourable.

The Board proceeded to discuss the timings of this and other projects, and whether the same were realistic and deliverable. It was suggested that the issue of prioritising of funding be taken to Strategic Board to allow sufficient time for a dedicated discussion.

Resolved:

1. **To Note** the risk to Project delivery as a result of the outstanding planning applications and internal approvals set out within the report;
2. **To Agree** that the £8.9m LGF funding should remain allocated to the Project; and

3. **To Note** that under agenda item 15, the Board were asked to agree that the remaining £4.1m unspent LGF should be transferred to Kent County Council by 31st March 2021. The transfer of the £4.1m LGF will be on the condition that the planning consents required in relation to Phase 1 and 3 of the Project are in place by 1 September 2021.

4. **To Note** that if all the required approvals are not in place by 1st September 2021, a further project update will be presented to the Board on 10th September 2021.

12 Beaulieu Station Project Update

The Board received a report from Howard Davies, the purpose of which was to provide the Board with an update on the Beaulieu Park Station (the Project) and the ongoing delivery risks associated with the Project.

Councillor Finch advised that he had attended a meeting with Local MPs prior to today's Board meeting. He informed the Board that considerable progress had been made with regards to the funding gap and that Essex County Council were now in a position of confidence.

Resolved:

1. **To Agree** that the full allocation of £12m LGF should remain allocated to the Project; and
2. **To Agree** that if Essex County Council and Homes England are unable to agree the conditions of the GDA by the deadline for completion set out by HMG, the allocation will be removed and reallocated by Strategic Board.
3. **To Note** that under agenda item 15, the Board were asked to agree that the £12m LGF will be transferred to Essex County Council by 31 March 2021 ahead of full funding being confirmed: and
4. **To Note** that the following specific condition will be attached to the transfer of the funding:
If agreement between Essex County Council and Homes England cannot be reached on the conditions of the GDA before the deadline set out by HMG, the LGF funds will be returned to SELEP for reinvestment following the reallocation of funding by Strategic Board.

13 LGF Update Report M2 Junction 5

The Board received a report from Howard Davies, the purpose of which was for the Board to receive an update on M2 Junction 5 project (the Project) in Kent.

The Board were advised that approval from the Secretary of State was still awaited.

Councillor Gough advised the Board that this issue was somewhat out of the control of Kent County Council and that in every other aspect, the project is proceeding on target. He stressed its importance to the local and surrounding areas.

Resolved:

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

14 Update on LGF projects with funding conditions

The Board received a report from Howard Davies, the purpose of which was for the Board to receive an update for the following three Local Growth Fund (LGF) projects:

1. University of Essex, Parkside 3
2. M11 Junction 8
3. Innovation Park Medway (Phases 2 and 3)

With regards to Innovation Park Medway, Councillor Chambers stressed that as with M2 Junction 5, there are delays due to outside agencies which in this case is Highways England. He pointed out that the Government did not apply enough pressure on its own agencies to provide cooperation.

The Chair stressed that pressure should continue to be applied by SELEP on Government agencies.

Resolved:

1. **To Agree** that the University of Essex, Parkside 3 project continue. This follows confirmation that previous planning and funding conditions issues have now been resolved.
2. **To Note** that under agenda item 5, the Board were asked to agree that the £5m LGF grant of be transferred to Essex County Council for the delivery of the University of Essex Parkside Phase 3 beyond 31 March 2021.
3. **To Agree** that sufficient assurance has been provided by Essex County Council (ECC) that the M11 Junction 8 project funding gap will be addressed and the £0.495m LGF should remain allocated to the Project. A further update will be brought to the Board in March 2021
4. **To Note** that all the funding conditions have now been satisfied for the Innovation Park Medway Phases 2 and 3.
5. **To Note** that under agenda item 15, the Board will be asked to agree that the remaining £4.0m unspent LGF allocated to the Innovation Park Medway Phases

2 and 3 will be transferred to Medway Council for spend beyond 31 March 2021. The transfer of this funding will be subject to the Local Development Order having been approved by Tonbridge and Malling Borough Council on 16 February 2021.

15 Transfer of remaining LGF by end of 2020/21

The Board received a report from Rhiannon Mort the purpose of which was for Board (the Board) to approve the value of the Local Growth Fund (LGF) to be transferred to partner authorities before the 31 March 2021.

Chris Brodie pointed out the need for a clear audit trail regarding the transfer of funding. A discussion followed which included the timing involved and the need for a report to be provided to Strategic Board.

In response to a question regarding SLAs, Rhiannon explained the provisions therein that provided sufficient protection.

Resolved:

1. To Agree that a variation to the Service Level Agreements (SLAs) be made to enable the unspent LGF, held by local authorities at the end of 31 March 2021, to either:

1.1. be invested as an 'Option 4 capital swap' within local authorities' own capital programmes (as defined in 3.4 of the report); or

1.2. for the funding to be held by local authorities as a ringfenced grant.

2. To Note that the value of the unspent LGF is expected to total £77.418m at the end of 2020/21, excluding Department for Transport retained scheme funding, as set out in Table 1 of the report.

3. To Agree that the remaining unspent LGF is transferred to local authorities by 31 March 2021:

3.1. subject to the funding conditions for the individual projects listed in Table 2 of the report having been satisfied; and

3.2. with specific funding conditions being attached to the transfer of funding for Beaulieu Park, Maidstone Integrated Transport Package and M2 Junction 5, as set out in Table 3 of the report.

4. To Agree that the unspent LGF held by local authorities at the end of 2020/21 must either be spent within their own local authority capital programme by the 31 March 2021, as an option 4 capital swap, or held by the local authority as a ringfenced grant.

5. To Agree that where LGF that has already been transferred to the local authorities and remains unspent at the end of 2020/21, due to unplanned

slippage of LGF from 2020/21 to 2021/22, this should be added to the value of the option 4 capital swap or held by the local authority as a ringfenced grant.

6. **To Note** that if the delivery of a Project for which LGF has been transferred is delayed by more than six months, relative to the completion date set out in the original business case, or the revised completion date subsequently agreed by the Board through a change request, a further decision will be brought back to the Board to consider the Project change. This will include consideration for the potential clawback of funding.

16 GBF Transfer to Local Authorities in 2020/21

The Board received a report from Rhiannon Mort the purpose of which was to provide an update to the Board on the expected Getting Building Fund (GBF) spend by 31 March 2021 and the transfer of GBF to local authorities by the end of 2020/21.

Resolved:

1. **To Agree** that a variation to the Service Level Agreements (SLAs) be made to enable the unspent GBF, held by local authorities at the end of 31 March 2021, to either:

1.1. be invested as an Option 4 capital swap within local authorities' own capital programmes: or

1.2. for the funding to be held by local authorities as a ringfenced grant.

2. **To Agree** the updated GBF spend forecast for 2020/21 of £20.423m on GBF projects, as set out in appendix A of the report.

3. **To Agree** to the transfer the advance payment of £9.490m GBF to local authorities in 2020/21. This is in addition to the £33.010m GBF agreed in November 2020.

4. **To Agree** that the unspent GBF held by local authorities at the end of 2020/21 must either be spent within their own local authority capital programme by the 31 March 2021, as an option 4 capital swap, or held by the local authority as ringfenced grant.

5. **To Agree** that any unspent GBF held by local authorities at the end of 2020/21, due to further slippage of GBF from 2020/21 to 2021/22, should be added to the value of the option 4 capital swap or held by the local authority as a ringfenced grant.

17 Growing Places Fund Update

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

In response to a question from Councillor Gough regarding the position concerns the next projects in line for funding, Helen Dyer provided clarification of the timings involved.

Resolved:

1. **To Note** the updated position on the GPF programme;
2. **To Note** the decision by Strategic Board to amend the GPF project pipeline to allow the available GPF funding to be invested in projects which can progress now, whilst retaining the Leigh Port Quay Wall project on the pipeline for future GPF investment;
3. **To Note** the decision by Strategic Board to agree that if a project cannot proceed within 6 months that it remains on the GPF project pipeline, but that the Board can award funding to the next project on the pipeline in order to facilitate swift investment of the GPF funding;
4. **To Agree** the removal of the Barnhorn Green Commercial and Health Development (Phase 2) project from the GPF project pipeline;
5. **To Approve** the revised repayment schedule for the Javelin Way project and agree that, despite repayments not being made in line with the original repayment schedule, no interest will be charged on the loan; and
6. **To Note** the identified risk to the repayment schedule for the Centre for Advanced Engineering project.

18 Award of Growing Places Fund Funding

The Board received a report from Helen Dyer, SELEP Capital Programme Officer, the purpose of which was to allow the Board to consider the award of £3,750,000 Growing Places Fund (GPF) funding to the two projects (the Projects) detailed at Appendix B. These Projects were included in the GPF project pipeline agreed by Strategic Board on 12th June 2020.

Resolved:

To approve the award of:

1. £1,750,000 GPF by way of a loan to support the delivery of the Barnhorn Green Commercial and Health Development project (phase 1), as set out in Appendix C of the report, which has been assessed as presenting High value for money with High certainty of achieving this. Noting that if planning consent is not granted that the project will be removed from the GPF programme, requiring immediate repayment of any funding already drawn down against the project to

facilitate reallocation of the funding through the GPF project pipeline; and

2. £2,000,000 GPF by way of a loan to support the delivery of the No Use Empty Commercial Phase II project, as set out in Appendix D of the report, which has been assessed as presenting High value for money with High certainty of achieving this.

19 Update on SELEP Revenue Forecast 2020/21

The Board received a report from Lorna Norris, Senior Finance Business Partner, the purpose was for the Board to consider the latest financial forecast position for the SELEP revenue budget for 2020/21.

Councillor Woodley raised the issue of the funding responsibilities of Member Authorities and felt that the funding contributions made by the local authorities should be proportionate to the grant funding that they have received from SELEP.

Lorna Norris advised that there was an intention to review this in July 2021 following the Budget and alternative funding options would be presented to the Board at that time.

Resolved:

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

20 SELEP Operations Update

The Board received a report from Suzanne Bennett, Chief Operating Officer, the purpose of which was for the Board to be updated on the operational activities within the Secretariat to support both this Board and the Strategic Board. The report included an update on the risk register and information on compliance of the Assurance Framework.

The Board discussed the risk that was created when Hadlow College went into Education Administration, with clarification of the amount involved being provided by Stephanie Mitchener.

Resolved:

1. **To Note** the update on Assurance Framework compliance monitoring at Appendix A and Governance KPIs at Appendix B of the report; and
2. **To Note** the changes to the Risk Register at Appendix C of the report.

21 Date of Next Meeting

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

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

There being no urgent business the meeting closed at 12.52pm

22 Exclusion of the Public

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

23 A28 Sturry Link Road CONFIDENTIAL APPENDIX A

The Board noted A28 Sturry Link Road CONFIDENTIAL APPENDIX A

Chair

Forward plan reference number: FP/AB/387,
and FP/AB/388

Report title: Getting Building Fund funding decision	
Report to: Accountability Board	
Report author: Katherine Wyatt, SELEP Capital Programme Officer	
Meeting date: 12 March 2021	For: Decision
Enquiries to: katherine.wyatt@southeastlep.com	
SELEP Partner Authority affected: Kent	

1. Purpose of report

- 1.1. The purpose of this report is for the Accountability Board (the Board) to consider the award of £1,113,204 Getting Building Fund (GBF) to the Laindon Place Project (£790,000) and St George's Creative Hub project (£323,204).

2. Recommendations

- 2.1. The Board is asked to:

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

3. Background

- 3.1. In July 2020, a package of 34 projects totalling £85m was agreed with Government for GBF investment.
- 3.2. After a withdrawal of the Gray's Shopping Centre project and the North Kent College requesting less funding than originally allocated, the Strategic Board agreed to reallocate funding to St George's Creative Hub and Laindon Place projects.
- 3.3. At the Strategic Board meeting in December 2020, Laindon Place was allocated a total of £800,000 GBF, but the business case only seeks £790,000 GBF. This increases the unallocated GBF from £1.009m to £1.019m. A pipeline of GBF projects is due to be agreed

by the Strategic Board on 19 March 2021, to invest the £1.019m GBF currently unallocated and provide a ranked list of projects to proceed if GBF is returned to SELEP through the cancellation of existing GBF projects from the programme.

- 3.4. Business Cases have been developed for the projects and has been subject to assessment by the Independent Technical Evaluator (ITE) against the requirements of the SELEP Assurance Framework.

4. Case for Investment - Laindon Place

- 4.1. Table 1 provides an overview of the Laindon Place project with more detailed information presented in Appendix B and in the project business case.
- 4.2. The project seeks to improve the opportunities for the Laindon Place regeneration in terms of the new retail space and creating an environment to support businesses opening in the new high street being developed in Laindon.
- 4.3. The GBF project involves the installation of Electric Vehicle charging points, installation of shop frontages and the provision of quality public realm to support the creation of a new high street for Laindon.

Table 1: Overview of the Laindon Place project

GBF allocation: £790,000	Total project cost: £4,715,000
<p>Key project benefits as stated in the business case:</p> <ul style="list-style-type: none"> • A minimum of 60 jobs to be created in the new retail units at Laindon • A minimum of 65 jobs to be created on the construction site 244 new homes are being delivered as part of the Laindon Place regeneration scheme. • 16 new retail units are being delivered as part of the Laindon Place regeneration scheme. • A new medical centre is being delivered as part of the Laindon Place regeneration scheme • A new supermarket is being delivered as part of the Laindon Place scheme • A new office space is being delivered as part of the Laindon Place scheme 	

- 4.4. Table 2 below shows the breakdown of the funding package for this project:

Table 2: Total Funding Package for the Laindon Place project (£)

Funding Source	2021/22	Total
Getting Building Fund	790,000	790,000
Swan Commercial Services	3,925,000	3,925,000
Totals	4,715,000	4,715,000

- 4.5. Further clarification has been provided by the applicant on the position of the planning consent, as the business case was not clear on the position. The scheme promoter has confirmed that planning consent is in place for the project as a whole, but specific conditions will need to be discharged in relation to the public realm works. It is expected that technical approval will be granted for these works in April 2021.
- 4.6. Approval is also required for the installation of the electric vehicle charging points through a S73 application, which is due to be submitted in May 2021, with approval expected within 28 days.
- 4.7. The approval of the funding award to the Laindon Place project is subject to written confirmation from Essex County Council that:
- 4.7.1. Essex Highways have approved the public realm works; and
- 4.7.2. the S73 application has been approved for the installation of the electric vehicle charging points.
- 4.8. No GBF will be transferred until these approvals have been secured and an update will be provided to the Board in July 2021 to confirm that the necessary approvals are in place. If the approvals have not been confirmed by the date of the July 2021 Board meeting, it will be recommended to the Board that the funding is reallocated to the next project on the GBF pipeline. .

5. Case for Investment - St George's Creative Hub, Kent

- 5.1. Table 3 provides an overview of the St George's Creative Hub project, with more detailed information presented in Appendix C and in the project business case.
- 5.2. The project seeks to deliver a new arts facility in the heart of Gravesend town centre, offering gallery space, a range of activities linked with an active cultural programme and workspace for creative businesses.
- 5.3. This will be delivered through the redevelopment of two currently vacant adjacent two-level retail units in the St George's Centre, which are owned by Gravesham Borough Council and which occupy a prominent site.

Table 3: Overview of the St George's Creative Hub project

GBF allocation: £323,204	Total project cost: £543,498
<p>Key project benefits as stated in the business case:</p> <ul style="list-style-type: none"> • Direct jobs supported: 5.3 FTE gross • Freelance/ sessional worker opportunities • Increased space for creative business expansion • Improved built environment within St George's Creative Centre • Increased diversity of uses • Increased footfall and activity in town centre • Increased public access to arts and culture 	

5.4. Table 4 below shows the breakdown of the funding package for this project:

Table 4: Total Funding Package for the St George's Creative Hub project (£)

Funding Source	2021/22	Total
Getting Building Fund	323,204	323,204
Gravesham Borough Council (s106)	220,294	220,294
Gravesham Borough Council (reserves to fund Quantative Risk Assessment)	27,175	27,175
Totals	570,673	570,673

- 5.5. For the St George's Creative Hub project there are no substantial risks which have been identified to the delivery of the Projects and it remains feasible to spend the GBF in full by 31 March 2022.
- 5.6. The main project risks identified on the project risk register are the potential lack of revenue funding to sustain the creative programme, a potential lack of demand for the workspace and retail closures impacting wider footfall to the St George's Creative Hub Centre.
- 5.7. The risk to the revenue budget will be mitigated during the first year of operation through s106 contributions, which have been confirmed as available. Applications will be made to external funding sources to support the ongoing revenue cost of the project. The risk to demand for workspace will be mitigated through early engagement with potential occupiers. Further details and mitigations to those risks can be found in Appendix C.

6. Outcome of the ITE assessment

- 6.1. The projects have been assessed as presenting high value for money with a medium/low level of certainty. The medium/low level of certainty over the value for money case is due to a full economic appraisal having not been undertaken for this project.
- 6.2. The projects have a GBF ask of less than £2m and are therefore being considered under value for money exemption 1 of the SELEP Assurance Framework.
- 6.3. For projects to satisfy value for money exemption 1, the following five conditions must be met by each project:
 - 6.3.1. The project has a benefit to cost ratio greater than 1.5:1, or the project benefits are notoriously difficult to appraise in monetary terms; and
 - 6.3.2. The funding sought from SELEP Ltd is less than £2m; and
 - 6.3.3. To conduct further quantified and monetised economic appraisal would be disproportionate to the capital funding ask; and
 - 6.3.4. There is an overwhelming strategic case (with minimal risk in other cases of the business case); and
- 6.4. There are qualitative benefits which, if monetised, would most likely increase the benefit-cost ratio to above 2:1. The assessment by the ITE confirms that the value for money exemptions apply to the two projects. The outcome of the ITE assessment is set out in Appendix A.

7. Financial Implications (Accountable Body comments)

- 7.1. All funding allocations which are agreed by the Board are dependent on the Accountable Body receiving sufficient funding from HM Government. The Accountable Body has now received Getting Building Funding for 2020/21 from MHCLG in September 2020 of £42,500,000.
- 7.2. Should the second remaining tranche of GBF for £42.5m from Government be delayed or withdrawn in 2021/22, resulting in insufficient funding to the programme, there could be a risk to completion of GBF projects and delivery of outcomes.
- 7.3. 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.
- 7.4. All GBF will be transferred to the sponsoring authority under the terms of a Funding Agreement or SLA which makes clear that funding can only be made available when HM Government has transferred GBF to the Accountable Body.

Getting Building Fund funding decisions

- 7.5. The Agreements will set out the circumstances under which funding may have to be repaid should it not be utilised in line with the conditions of the grant or in accordance with the Decisions of the Board.
- 7.6. Should the Board approve the award of GBF as per the recommendations of this report at 2.1.1 and 2.1.2 a variation agreement will be put in place to the existing GBF service level agreements (SLA) in place between the Accountable Body, SELEP Ltd and the lead authorities.
- 7.7. The Accountable Body will not transfer GBF awarded by the Board until the variation agreements are complete. In addition to this requirement, the Accountable Body will not transfer GBF to the Laindon Place project until the conditions of GBF approval have been met, being Essex County Council as Lead Authority providing written confirmation of planning approvals and Section 151 approval of the project business case.

8. Legal Implications (Accountable Body comments)

- 8.1. 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.

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 – ITE Assessment

Getting Building Fund funding decisions

10.2. Appendix B – Laindon Place Project Information

10.3. Appendix C - St George's Creative Hub Project Information

11. List of Background Papers

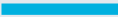
11.1. [St. George's Creative Hub Business Case](#)

11.2. [Laindon Place Business Case](#)

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

Role	Date
Accountable Body sign off Peter Shakespear (on behalf of Nicole Wood, S151 Officer, Essex County Council)	04/03/21

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



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

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

Overview

- 1.1 Steer was reappointed by the South East Local Enterprise Partnership in April 2016 as Independent Technical Evaluator. It is a requirement of Central Government that every Local Enterprise Partnership subjects its business cases and decisions on investment to independent scrutiny.
- 1.2 Recommendations are made for funding approval on 12th March 2021 by the Accountability Board, in line with the South East Local Enterprise Partnership's own governance.

Method

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

¹ Source:

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

1.7 Individual criteria were assessed and the given a ‘RAG’ (Red – Amber – Green) rating, with a summary rating for each dimension. The consistent and common understanding of the ratings are as follows:

- **Green:** approach or assumption(s) in line with guidance and practice or the impact of any departures is sufficiently insignificant to the Value for Money category assessment.
- **Amber:** approach or assumption(s) out of line with guidance and practice, with limited significance to the Value for Money category assessment, but should be amended in future submissions (e.g. at Final Approval stage).
- **Red:** approach or assumption(s) out of line with guidance and practice, with material or unknown significance to the Value for Money category assessment, requires amendment or further evidence in support before Gateway can be passed.

1.8 The five dimensions of a government business case are:

- **Strategic Dimension:** demonstration of strategic fit to national, Local Enterprise Partnership and local policy, predicated upon a robust and evidence-based case for change, with a clear definition of outcomes and objectives.
- **Economic Dimension:** demonstration that the scheme optimises public value to the UK as a whole, through a consideration of options, subject to cost-benefit analysis quantifying in monetary terms as many of the costs and benefits as possible of short-listed options against a counterfactual, and a preferred option subject to sensitivity testing and consideration of risk analysis, including optimism bias.
- **Commercial Dimension:** demonstration of how the preferred option will result in a viable procurement and well-structured deal, including contractual terms and risk transfer.
- **Financial Dimension:** demonstration of how the preferred option will be fundable and affordable in both capital and revenue terms, and how the deal will impact on the balance sheet, income and expenditure account, and pricing of the public sector organisation. Any requirement for external funding, including from a local authority, must be supported by clear evidence of support for the scheme together with any funding gaps.
- **Management Dimension:** demonstration that the preferred option is capable of being delivered successfully in accordance with recognised best practice, and contains strong project and programme management methodologies – this includes the need for a Monitoring and Evaluation Plan and Benefits Realisation Plan.

1.9 In addition to a rating for each of the five dimensions, comments have been provided against Central Government guidance on assurance – **reasonableness** of the analysis, risk of error (or **robustness** of the analysis), and **uncertainty**. Proportionality is applied across all three areas.

1.10 Assessments were conducted by a team of transport and economic planning professionals, and feedback and support has been given to scheme promoters throughout the process through workshops, meetings, telephone calls and emails between January 2021 and February 2021.

Getting Building Fund

1.11 Two business cases have been assessed for schemes seeking Getting Building Fund (GBF) 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, low/medium certainty

1.13 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.

St Georges Creative Hub (£0.3m)

1.14 This scheme is located within Gravesend town centre. Currently, vacant units in the town centre are damaging user experience and impacting on other businesses. This project will use this vacant space to address this issue and meet demand for affordable exhibition space and additional workspace for freelancers within the town centre.

1.15 The Creative hub will offer a new arts facility in the heart of Gravesend town and, alongside gallery space, will support a range of activities linked to an active cultural programme and provide workspace for creative businesses. Specifically, the project includes:

- A 2,200 square feet flexible gallery space;
- An 800 square feet café; and
- 761 square feet of creative working space.

1.16 A compelling strategic case has been developed demonstrating that the scheme is well aligned with the strategic objectives of the Getting Building Fund. A total of five jobs will be stimulated by the scheme. It is also a scheme which will support the Green Recovery, bringing back into use previously vacant lots. The scheme promoter states that scheme will create demand in the short term to mitigate the impacts of a Covid-19 stimulated recession and will also support long term sustainability of the local economy.

1.17 Economic appraisal of the scheme has been undertaken, calculating the level of GVA uplift that would be stimulated by the scheme. This assessment shows the scheme to have a benefit cost ratio of 1.96:1 which falls within a “medium” value for money categorisation. However, a benefit cost ratio this close to 2:1 means that the value for money categorisation will be very sensitive to any net upside risks. There is a compelling strategic case and a number of additional benefits have been qualitatively assessed. Were they to be monetised they would be likely to increase the benefit cost ratio above 2:1.

1.18 The assumptions used in the appraisal are reasonable and robust, and a programme has been provided which demonstrates that spend of the Getting Building Fund allocation and delivery of the scheme will be completed before March 2022. 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.

Laindon Place (£0.8m)

- 1.19 Funding is sought to enhance the offer of an ongoing development project in Basildon, Essex. The overarching project aims to redevelop the old Laindon Shopping centre. Purchased by Swan in 2015, the regeneration aims to provide a mixed-use development of housing, shopping and employment. GBF funds will be used to fund several vital elements of the overall redevelopment.
- 1.20 It is expected that the GBF funding will provide three elements: installation of 16 shop frontages, 70 electric vehicle charging points and public realm improvements to Laindon station. All of these improvements will enhance the overall benefits of the scheme and allow an element of future proofing which cannot be included without GBF funding.
- 1.21 The strategic case exhibits alignment with the objectives of the Getting Building Fund. A total of five jobs will be stimulated by the scheme. It is also a scheme which will support the Green Recovery, providing charging infrastructure for electric vehicles. The scheme promoter notes that commercial occupiers are already under great strain due to wider market challenges and Covid 19. This funding will help to support small business to establish themselves and bring further prosperity to the area.
- 1.22 Identification of the likely economic impacts of the scheme has indicated that the scheme would represent “high” value for money and a programme has been provided which demonstrates that spend of the Getting Building Fund allocation and delivery of the scheme will be completed before March 2022. However, the lack of full monetised economic appraisal does reduce the certainty of value for money. We invite the Accountability Board to consider the risk that a lack of full, monetised benefit cost analysis presents before determining whether or not to approve funding for the scheme.

Growing Places Fund

- 1.23 Two business cases have been assessed for schemes seeking a Growing Places Fund allocation. Below are our recommendations to the Accountability Board, including key findings from the evaluation process and details of any issues arising.
- 1.24 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

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

No Use Empty – South Essex (£1.0m)

- 1.26 Southend on Sea Borough Council is seeking GPF funds to return long-term empty commercial properties back into 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 and which may have been impacted by larger regeneration schemes.
- 1.27 The scheme is based on the successful No use empty scheme in Kent and the scheme promoter has stated an intention to work closely with Kent County Council to ensure a similar level of success.
- 1.28 A proportionate and robust economic appraisal of the scheme costs and benefits has been undertaken assessing the land value uplift of the scheme in line with Ministry for Homes Communities and Local Government Appraisal Guidance. This assessment shows the scheme to have a benefit cost ratio of 2.4:1 which falls within a “high” value for money categorisation. The assumptions used in the appraisal are reasonable and robust therefore the scheme also delivers high levels of certainty for this value for money categorisation.

High value for money, low/medium certainty

- 1.29 The following GPF scheme achieves **high value for money** with a **low/medium certainty** of achieving this.

Herne Relief Road – Bullockstone Road Improvement Scheme (£3.5m)

- 1.30 This scheme is located within Herne Bay. Bullockstone Road provides access from the south towards to the town centre of Herne Bay and the town's railway station avoiding the busy Canterbury Road. Bullockstone Road is currently a constrained weight restricted narrow single carriageway unclassified route which does not provide a safe and suitable route for all users. Despite this, there is a substantial amount of through traffic on Bullockstone Road for trips between the Greenhill area of Herne Bay and the A291 to Canterbury.
- 1.31 Moreover, an additional 2,500 homes are to be developed in Herne Bay which will bring additional traffic to the area. To address the existing problems of congestion and to mitigate the potential increase in congestion resulting from the new homes the following improvements are proposed:
- the widening of Bullockstone Road to 7m;
 - the provision of pedestrian and cycling facilities between A291 Canterbury Road and Lower Herne Village;
 - improvements to drainage; and
 - construction of new roundabout junctions at Lower Herne Village and A291 Canterbury Road
- 1.32 The business case analysis provides a proportionate assessment of the scheme costs and benefits and results in a benefit cost ratio of 7.1:1 representing "very high" value for money. The analysis was robustly carried out on basis of transport user benefits in line with Department for Transport's Transport Appraisal Guidance.
- 1.33 Reasonable and robust assumptions have been used to populate the scheme appraisal. There are however developer contribution elements of the funding package which are still subject to planning permission being secured and therefore we would recommend that the Accountability Board considers the risk that this poses to timely repayment of the loan before deciding whether or not to approve funding for the scheme.

Table 1.1: Gate 1 & 2 Assessment of getting Building Fund and Growing Places Fund Approval for Funding for Q4 2020/21

Scheme Name	Allocation	Benefit to Cost Ratio ('x' to 1)	Strategic Dimension Summary	Economic Dimension Summary	Commercial Dimension Summary	Financial Dimension Summary	Management Dimension Summary	Assurance of Value for Money		
								Reasonableness of Analysis	Robustness of Analysis	Uncertainty
Getting Building Fund										
St George's creative Hub	£0.3m	Gate 1: 2.0	Green	Amber /Green	Green	Amber /Green	Green	A reasonable approach has been adopted based on GVA increases.	The methodology has been applied accurately.	Short of a full economic appraisal (which is not required for this scale of scheme), the case does well at minimising and addressing potential uncertainties.
		Gate 2: N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Laindon Place	£0.8m	Gate 1: N/A	Amber	Amber	Amber /Green	Amber /Green	Amber	Minimal economic appraisal due to scale of funding request.	Strategic case needs to be strengthened to justify this approach.	Lack of a quantified benefit cost ratio creates uncertainty in the likelihood of achieving a high VfM.
		Gate 2: N/A	Green	Amber /Green	Green	Green	Amber /Green	As above	The strategic case has been strengthened and further justification for the scheme provided.	As above

Scheme Name	Allocation	Benefit to Cost Ratio ('x' to 1)	Strategic Dimension Summary	Economic Dimension Summary	Commercial Dimension Summary	Financial Dimension Summary	Management Dimension Summary	Assurance of Value for Money		
								Reasonableness of Analysis	Robustness of Analysis	Uncertainty
Growing Places Fund										
No Use Empty South Essex	£1.0m	Gate 1: 2.4	Amber /Green	Amber /Green	Amber /Green	Amber /Green	Amber /Green	A reasonable approach has been adopted using MHCLG's <i>Land Value Uplift</i> guidance.	The methodology has been applied accurately. Justification for some assumptions in the Economic and Financial Case is required.	Certainty would be improved with the application of some sensitivity tests to demonstrate the resilience of the Value for Money.
		Gate 2: 2.4	Green	Green	Green	Green	Green	As above.	Justification has been provided which gives confidence that the approach is robust.	The success of a similar scheme in Kent allows a good level of certainty in the schemes projected value for money categorisation. Sensitivity testing would have strengthened the case.
Herne Relief Road – Bullockstone Road Improvement Scheme	£3.5m	Gate 1: 7.1	Green	Amber /Green	Green	Amber /Green	Amber	A reasonable and proportionate approach to monetising benefits and costs of the scheme has been taken in line with Department for Transport's Transport Appraisal Guide.	Transport user benefits of the scheme have been assessed. Some of the core assumptions need to be justified.	There are developer contribution elements of the funding package which are still subject to planning permission being secured.
		Gate 2: 7.1	Green	Green	Green	Green	Amber	As above	Identification and justification of assumptions underpinning economic appraisal have been clearly set out.	As above

Change Requests

- 1.34 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 which there is currently funding available

- 1.35 Funding is available for the following change requests.

M11 Junction 8

- 1.36 Essex County Council is seeking an additional £1m to spend on the M11 junction 8 project. The scope of the project has not changed and includes 3 schemes involving junction 8 with a view to improving traffic flows.
- 1.37 The original business case, as reviewed by Steer in 2017, was based on a scheme capital cost of £9.1m, including a Local Growth Fund contribution of £2.7m. The benefit cost ratio for the original scheme was 3.3:1 representing "high" value for money with a high level of certainty for delivering that value for money.
- 1.38 Additional investment is being sought to replace the money first allocated by the Cambridge and Peterborough Combined Authority, but subsequently reallocated due to the delays in the programme timing.
- 1.39 The additional funding request of £1.0m represents a part of an overall increase in the scheme cost from £9.1m to £15.1m. Our assessment show that the benefit cost ratio remains in excess of 2:1 and continues to represent "high" value for money with a high certainty of achieving that value.

A13 Widening

- 1.40 Thurrock Council is seeking an additional £2.5m to spend on the A13 Widening Scheme Project. As there is only currently £1.5m LGF available to support the delivery of this project, the project is being considered for the award of £1.5m. Should additional LGF become available through the cancellation of other projects from the LGF programme, the award of funding may increase to £2.5m.
- 1.41 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.
- 1.42 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.
- 1.43 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.
- 1.44 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 consider 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.

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

- 1.45 Kent County Council is seeking a further £0.9m investment in the Kent and Medway Engineering, Design, Growth and Enterprise (EDGE) Hub project. The scope of the project remains investing in a state-of-the-art STEM facility at Canterbury Christ Church University. The hub will be composed of 3,588 square metres of floor space and should create £1.8m of income through research and consultancy by 2024.
- 1.46 The original business case as reviewed by Steer in August 2017 was based on a scheme capital cost of £20.9m, with a benefit cost ratio of 2.3:1. This represented “high” value for money.
- 1.47 The project is seeking further investment to address four issues:
- Impact of COVID-19 on construction;
 - Changes to Health and Safety Regulations;
 - Design changes, including planning control; and
 - Changes to delivery models and technology adoption as a result of COVID-19
- 1.48 The project will proceed without further Local Growth Funding, however it would mean the project would not fully realise its original benefits. This may have an impact of £1.5-£2.0 million a year due to reduced use and engagement by regional companies over the next 5 years.
- 1.49 The new investment represents an increase in total costs from £20.9m to £21.8m. Our assessment shows that the scheme still has a benefit cost ratio comfortably in excess of 2:1 and continues to represent “high” value for money with a high certainty of achieving that value.

Change requests for which funding is not yet available

- 1.50 Funding availability for the following change requests is subject to the funding for other schemes being returned.

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

- 1.51 A further £0.3m is sought by Kent County Council for Kent and Medway Engineering, Design, Growth and Enterprise (EDGE) Hub project when funding become available. This additional funding would enable the same benefits as set out above to be delivered at a faster pace.
- 1.52 This new investment would represent an increase in total costs from £21.8m to £22.1m. Our assessment shows that the scheme would still have a benefit cost ratio comfortably in excess of 2:1 and would continue to represent “high” value for money with a high certainty of achieving that value.

Mercury Rising

- 1.53 Essex County Council is seeking an additional £0.3m to spend on the Mercury Rising Project. The scope of the project remains investing in the Mercury Theatre to create a world class hub for performing arts education, participation, training and skills development in Colchester. This facility will be composed of two auditoria, three rehearsal/workshop spaces, meeting rooms and state of the art technical, production and workshop facilities and will have a secondary role as a community hub.
- 1.54 The original business case as reviewed by Steer in October 2017 was based on a scheme capital cost of £9.0m, including an LGF contribution of £1m. The benefit cost ratio for the original scheme was 3.4:1 representing “high” value for money, with a high level of certainty of delivering that value for money.
- 1.55 Additional investment is being sought due COVID-19 related delays. These delays have caused significant extra costs. The project was initially due to be completed in August 2020 with a full programme of work happening in September. The project has not only incurred additional delivery costs but has also lost a substantial amount of potential revenue.
- 1.56 The additional funding request of £0.3m is part of an additional £2.3m required, which collectively represents an increase in total scheme cost from £9.0m to £11.3m. Our assessment shows that the

scheme still has a benefit cost ratio comfortably in excess of 2:1 and continues to represent “high” value for money with a high certainty of achieving that value.

Airport Business Park Southend

- 1.57 Southend-on-Sea Borough Council is seeking an additional £1.6m to spend on Airport Business Park Southend 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.
- 1.58 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.
- 1.59 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.
- 1.60 The additional funding request of £1.6m represents an increase in total scheme cost from £31.1m 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.

Maidstone East Station Access Improvements

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

A127 Essential Major Maintenance

- 1.66 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.
- 1.67 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.
- 1.68 The project is in the delivery phase. Main construction began in September 2020 and can continue without the additional funds, however not all of the benefits of the scheme will be realised without

the further investment. Given the fact that the project is underway and remains on schedule to complete in Summer 2021, we are confident that the scheme, with the additional investment, will continue to represent “very high” value for money with a high certainty of achieving that value.

Parkside Phase 3

- 1.69 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.
- 1.70 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.
- 1.71 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 crises.
- 1.72 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.

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Date

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24 February 2021

SELEP – Getting Building Fund Project Background Information

Name of Project	<p>Laindon Place</p> <p>Basildon</p> <p>Essex</p>
Getting Building Fund value	£790,000
Description of what Project delivers	This project seeks to improve the opportunities for the Laindon Place regeneration in terms of the new retail and creating an environment to support businesses opening in the new high street being developed in Laindon. The specifics of this bid is to deliver the installation of Electric Vehicle charging points, installation of shop frontages and the provision of quality public realm to support the creation of a new high street for Laindon.
Need for Intervention	<p>The retail shop fronts were not to be provided as part of the scheme as it was uneconomical for Swan to provide. Ensuring a long-lasting placemaking strategy for the Laindon Place scheme has been an ambition of Swan's since the start of the design process. There is strong evidence available that shows that having a uniform shop frontage adds value and ensures the sustainability of the retail units and in the end creates a better environment. A uniform shop front for all of the retail units that links into the wider design will eventually make Laindon Place a more attractive place to visit once complete.</p> <p>Active EV charging points were not planned to be part of the scheme. At the time when the planning application was submitted, there were no planning requirements for this and the demand for electric vehicles was uncertain. However, a number of passive charging points were to be located around the scheme. As part of their Draft Local Plan released in 2018, Basildon Council have introduced Policy T10 – Electric Vehicle Charging Infrastructure. This new policy states that on residential developments where offplot or communal parking is provided, 50% of all new parking spaces should have active charging points. By using the Get Britain Building Funding to install active charging points, we are able to bring the Laindon Place development up to date with latest planning guidance on electric vehicle charging points and we will be able to create a more sustainable development.</p> <p>The public realm improvements are proposed to make Laindon Place a more attractive place to live, work and visit. Basildon Council's policy on the Laindon Town Centre in their Draft Local Plan is to ensure that enhances to the environmental quality of the town centre will be made through landscaping and improvements to the public realm. Improvements to the public realm should encourage local residents to walk to visit the new shops rather than use their cars, as they had done to visit the Laindon Shopping Centre previously due to the harsh environment that existed previously.</p>
Project benefits	<p>A minimum of 60 jobs to be created in the new retail units at Laindon</p> <p>A minimum of 65 jobs to be created on the construction site</p> <p>244 new homes are being delivered as part of the Laindon Place regeneration scheme</p> <p>16 new retail units are being delivered as part of the Laindon Place regeneration scheme.</p>

	A new medical centre is being delivered as part of the Laindon Place regeneration scheme		
	A new Lidl supermarket is being delivered as part of the Laindon Place scheme		
	A new Swan office is being delivered as part of the Laindon Place scheme		
Financial Information	Funding Source	Amount, £	Constraints, Dependencies and mitigations
	GBF – Electric Charging Points	£70,000	Reconfirmation of local network capacity
	GBF – Installation of shop fronts	£570,000	Programme risk is mitigated as works are already at podium level.
	GBF Public Realm improvements	£150,000	Co-ordination with Local Authority
	Swan Commercial Services	£3,925,000	Programme risk is mitigated as works are already at podium level.
	Total	£4,715,000	
Project constraints and risks	Risk		Mitigation
	Programme risk is mitigated as works are already at podium level.		No or severely reduced GBF funding will mean the end product would not achieve in full its potential benefits to the local community
	Build cost inflation		Ensuring price certainty with subcontractors as soon as possible and use a robust procurement process and subcontractor appointment.
	Delayed works on site		Ensure that site works are monitored and progress recorded to ensure that works are in line with project programme
	Site shutdown		If the site was to shut down due to a Covid outbreak or wider government changes, this would delays work on site and ultimately could lead to the works not being able to take place.
	Statutory and other approvals not forthcoming OR all being in place as and when works are required to commence		Early conversations with Basildon planning and building control departments during detailed scheme design to ascertain if any planning permissions are required and any preapp feedback to be addressed.
Options consideration	A list of two 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
	Instruct design for EV active charging points		April 2021

	Procurement of subcontractor for EV active charging points	August 2021
	Procurement of subcontractor for retail shop fronts	August 2021
	Planning Approval for the public realm improvement works	November 2021
Outcome of ITE Review	<p>The project has been assessed as offering High value for money with Low/Medium certainty of achieving this.</p> <p>The project is subject to value for money exemption 1 as set out in the SELEP Assurance Framework.</p> <p>For additional information, please refer to the Report of the Independent Technical Evaluator</p>	
Evidenced compliance with Assurance Framework?	<p>Yes, the project does meet the requirements of the SELEP Assurance Framework.</p> <p>A full monetised economic appraisal has not been undertaken; however, the project complies with value for money exemption 1 as set out in the Assurance Framework.</p>	
Link to Project webpage	https://www.southeastlep.com/project/laindon-place-basildon/	

SELEP – Getting Building Fund Project Background Information

Name of Project	St George's Creative Hub Gravesham Kent County Council		
Getting Building Fund value	£323,204		
Description of what Project delivers	<p>The St George's Creative Hub will be a new arts facility in the heart of Gravesend town centre, offering gallery space, a range of activities linked with an active cultural programme and workspace for creative businesses. This will be delivered through the redevelopment of two currently vacant adjacent two-level retail units in the St George's Centre, which are owned by Gravesham Borough Council and which occupy a prominent site. Specifically, the St George's Creative Hub project will deliver:</p> <ul style="list-style-type: none"> - A 2,200 sq ft flexible gallery space on the ground floor, suitable for accommodating exhibitions, creative learning activity and events and including a reception area - A 800 sq ft café area, adjacent to the gallery space on the ground floor, and encouraging public use of the Cultural Hub and supporting its events function - 761 sq ft of creative co-working space on the first floor, alongside a meeting room. 		
Need for Intervention	<p>The St George's Creative Hub scheme seeks to address three issues: the opportunity to embed creative activity as a key element of community and economic regeneration; the need to support the vibrancy of Gravesend town centre, especially in the context of the trends accelerated by the Covid-19 pandemic; and the contribution to the town centre's longer term development. However, this will not be delivered without public intervention.</p> <p>The other rationale for intervention relates to town centre regeneration and the activity and footfall that the Creative Hub will bring. It is clear that without intervention, no alternative suitable use will come forward in the short to medium term: the unit has been vacant for some time, there has been no retail interest, and it is not suitable for alternative use without refurbishment (and there is no commercial interest in alternative use anyway).</p>		
Project benefits	Direct jobs supported: 5.3 FTE gross		
	Freelance/ sessional worker opportunities		
	Increased space for creative business expansion		
	Improved built environment within St George's Centre		
	Increased diversity of uses		
	Increased footfall and activity in town centre		
	Increased public access to arts and culture		
Financial Information	Funding Source	Amount, £	Constraints, Dependencies and mitigations

	Getting Building Fund		£323,204	Subject to approval
	Gravesham Borough Council		£220,294	
	Total		£543,498	
Project constraints and risks	Ref	Risk	Mitigation	
	1	GBF grant does not receive final approval	Early engagement with SELEP and	
	2	Lack of revenue funding to sustain creative programme	First years guaranteed by s106 contributions Early application to external sources of funding as part of wider programme	
	3	Lack of demand for workspace	Conservative take-up projections; engagement	
	4	Weaker than anticipated public participation	Active promotion, including through existing	
	5	Continued Covid restrictions limit ability to operate	Adaption of opening schedule as with other facilities	
	6	Further retail closures impact on wider footfall in St George's Centre	Active engagement with retailers through town centre management	
	7	Capital costs exceed budget	Single stage design and build procurement route. Realistic client contingencies in place	
	8	Lack of interest from delivery partners	Active promotion before opening, building on strong existing network	
	9	Inability to procure café operator	Engagement with a range of providers, including social enterprises.	
Options consideration	A long list of three options has been considered in the Business Case and justification has been provided as to why the preferred option has been selected.			
Project Timeline	Key Milestone/Deliverable		Date Completed	
	Stage 4 designs completed		December 2020	
	Procurement complete		January 2021	
	Start of works		April 2021	

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	Completion of works	June 2021
	'Pre-completion' opening for Estuary Festival	May 2021
	Full opening	June 2021
Outcome of ITE Review	<p>The project has been assessed as offering High value for money with Low/Medium certainty of achieving this.</p> <p>The project is subject to value for money exemption 1 as set out in the SELEP Assurance Framework.</p> <p>For additional information, please refer to the Report of the Independent Technical Evaluator</p>	
Evidenced compliance with Assurance Framework?	<p>Yes, the project does meet the requirements of the SELEP Assurance Framework.</p> <p>A full monetised economic appraisal has not been undertaken; however, the project complies with value for money exemption 1 as set out in the Assurance Framework.</p>	
Link to Project webpage	https://www.southeastleap.com/project/st-georges-creative-hub-gravesham/	

Report title: Getting Building Fund Capital Programme update	
Report to: Accountability Board	
Report author: Katherine Wyatt, SELEP Capital Programme Officer	
Meeting date: 12 March 2021	For: Decision
Enquiries to: katherine.wyatt@southeastlep.com	
SELEP Partner Authority affected: Pan SELEP	

1. Purpose of report

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

2. Recommendations

- 2.1. The Board is asked to:

- 2.1.1. **Note** that the Swan Modular Housing Factory Project has met three of four conditions of funding, as detailed in section 6.4
- 2.1.2. **Agree** that the final condition against the Swan Modular Housing Factory Project, for the scheme promoters to obtain BOPAS accreditation of the steel fabrication process, should be removed.
- 2.1.3. **Agree** the preferred course of action for the Jaywick Market and Commercial Space:
- 2.1.3.1. **Option 1:** To award a further extension to the time available to gain full planning consents to the end of July 2021; **OR:**
- 2.1.3.2. **Option 2:** Agree that the project is cancelled and the GBF allocation of £4,530,000 is reallocated to the GBF pipeline, in accordance with the decision made by the Board in November 2020
- 2.1.4. **Note** the current forecast spend for the GBF programme for 2020/21 financial year of £20.4 million

3. Summary Position

- 3.1. Of the total £85m that was allocated to SELEP for the GBF Programme, currently £82.828m is forecast to be spent by March 2022 which is the end of the GBF programme. Of the remaining £2.132m, the Board will be asked to consider allocating £1.123m to two new projects under agenda item 11. Any unallocated amounts remaining will be diverted to the

Getting Building Fund Capital Programme update

GBF pipeline which is due to be agreed by Strategic Board at its meeting on 19 March 2021. These will be considered at the earliest Accountability Boards possible in the next financial year.

- 3.2. SELEP have now received the Q3 return from partners for GBF projects and this was submitted to Central Government on the 26th February 2021. This return shows that the programme is currently forecasted to underspend by £22.077m (please refer to table 1 for more information) in this financial year against the grant allocation of £42.5m. The grant allocation was made on an arbitrary 50% split across the two years of the programme by MHCLG and didn't reflect the profiled spend as supplied by SELEP of £31,579,857.
- 3.3. In February 2021, the Board discussed the options of how to transfer this unspent funding to meet the requirement to spend the full GBF allocation for 2020/21 by March 2021 as set out by Government and ensure that the second tranche of funding for GBF is secured for 2021/22. The decision states that this unspent funding will be transferred to authorities and will either be invested as an Option 4 capital swap within the Local Authority's capital programmes or be held by the local authority as a ringfenced grant. A GBF option 4 capital swap refers to the GBF being used to fund local authorities' own capital programmes in 2020/21. The local authority is then required to finance the cost of the GBF grant commitment to the project in 2021/22.

4. Award of Getting Building Fund

- 4.1. To date, the Board has approved the award of £82.9m GBF to 33 projects, relative to a total £85m GBF available.
- 4.2. At the Strategic Board meeting on 11 December 2020, a process for the creation of a GBF pipeline of projects was agreed. The prioritised list of projects for the GBF pipeline will be presented at the next Strategic Board on the 19 March 2021 for approval. Once the pipeline is approved projects will be invited to bring their business cases forward for assessment and consideration for award of funding can be made by Board as allocations become available.

5. Getting Building Fund Forecast Spend 2020/21

- 5.1. In November 2020, Partners were tasked with providing a baseline for projects spend forecasts and for the delivery of outcomes. Since then, authorities have provided their Quarter 3 reporting and monitoring returns, which included updated figures. These figures included their actual expenditure for Quarter 2 and Quarter 3 as well as their forecast expenditure for Quarter 4 for 2020/21.
- 5.2. Since November 2020 the forecast spend for 2020/21 has reduced by £12.6 million. This value has slipped into 2021/22 and is still forecast to be spent by the end of the GBF programme at 31 March 2022. Table 2 below shows the main slippages making up this variance and a more detailed analysis can be found at Appendix A.

Table 1 – Summary of LGF spend forecast

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

* Subject to receipt of funding from Central Government

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

Table 2 – Summary of project slippages

Project Name	Total Baseline 2020/21	Total Forecast 2020/21	Total Difference 2020/21
East Sussex			
Riding Sunbeams Solar Railways	2,342,372	323,000	- 2,019,372
Essex			
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	800,000	- 6,200,000
Nexus	1,600,000	450,000	- 1,150,000
Rocheway	713,000	379,000	- 334,000
Total	14,155,372	1,952,000	- 12,203,372

- 5.4. The main reasons for this slippage can be attributed to the fact that there has been a delay in getting Service Level Agreements signed with local authorities as a result of SELEP not receiving the grant conditions from Central Government until late September 2020. The business cases and original forecasts were also developed in the summer and now projects have better understanding of when funding will be spent.
- 5.5. At the February 2021 meeting of the Board it was agreed that the remaining balance of grant held by the SELEP Accountable Body at year end of £22.07m, will be transferred to local authorities to be spent on GBF projects in 2021/22.

6. Deliverability and Risk

- 6.1. The main risk for the GBF programme is lack of confirmation of the second tranche of funding due in 2021/22. It is understood that this is contingent on the Annual Performance

Review (APR) outcome and evidence of good management of the programme to date. The outcome of the APR is not due to be shared until April 2021 but our internal assessment is that SELEP meets the criteria set out for all categories. This delay in confirming GBF for 2021/22 is creating delays to the commencement of projects, as delivery organisations are understandably reluctant to bear the risk of the non-payment of the grant.

- 6.2. Although there are no projects that are currently deemed as high risk, there are a number of projects that are forecasting a significant amount of their spending in the last two quarters of 2021/22. This is a risk to the programme as further delays could mean that projects are unable to spend their full GBF allocation by the end of March 2022 and therefore not be fully spent by the end of the GBF programme. Table 3 below shows the breakdown of these project forecasts and a detailed breakdown of the projects' forecasts can be found in Appendix A. The Jaywick Market and Commercial Space and Swan Modular Housing Factory projects are highlighted in grey as they still currently have conditions outstanding related to the transfer of funding.

Table 3 – Summary of projects forecasting large expenditure at the end of 2021/22

Project Name	Q3 2021-22	Q4 2021-22
	Forecast	Forecast
East Sussex		
Riding Sunbeams Solar Railways	1,030,000	360,000
Essex		
Acceleration of full-fibre broadband deployment in very rural or very hard-to reach premises	680,000	-
Extension of the full-fibre broadband rollout in Essex to reach rural and hard to reach premises	1,000,000	-
Enterprise Centre for Horizon 120 Business Park	3,100,000	-
Jaywick Market & Commercial Space	675,000	707,000
Swan modular housing factory	-	2,483,375
Tendring Bikes & Cycle Infrastructure	-	1,600,000
Tindal Square, Chelmsford	300,000	450,000
Total	6,785,000	5,600,375

- 6.3. The award of funding to the Better Queensway project in November 2020, included a funding condition. This condition states that written confirmation from Southend on Sea Borough Council needs to be provided by 31 March 2021 once planning permission has been granted or the Board will be asked to agree that the GBF will be reallocated to the next project on the GBF pipeline at the first Board meeting in 2021/22. At present, this consent has not been received, however, the project promoters still anticipate that they will be able to provide confirmation of planning consent before the 31 March 2021 deadline.
- 6.4. The Swan Modular Housing Factory project had conditions to its approval for funding of £4.53m at the November 2020 Accountability Board. The funding conditions were based on four dependencies listed in the business case and include:
- 6.4.1. Signing the new 15 year lease on the proposed factory, which will house the new facility (Condition met in November 2020).
- 6.4.2. Obtaining planning permission for the external works required to the building (Condition met in February 2021)

- 6.4.3. Obtaining Homes England and GLA approval to the granting of an inter-company guarantee (Condition met in November 2020)].
- 6.4.4. Obtaining BOPAS accreditation of the steel fabrication process, to be developed the project (Condition not yet met).
- 6.5. By the date of the Board meeting at which GBF was awarded, two of the four funding conditions had been met. A further funding condition, as set out in 6.4.2 has now been met. The project sponsors have requested that the final condition to obtain BOPAS accreditation of the steel fabrication process be removed as it is not a condition that can be met ahead of funding being awarded.
- 6.6. The reason that they wish to remove this condition is because they can only receive accreditation upon completion of the modules that the factory is set to build and therefore cannot be a precondition to receive funding, as the funding is needed in order to be able to build the modules. The decision requested at this Board is to confirm that the Board agree to remove that condition and therefore the project has met the three remaining conditions and can receive their funding.
- 6.7. The Jaywick Market and Commercial Space project had a condition to its approval for funding at the November 2020 Accountability Board that was based on the project receiving the necessary planning permission by the end of Quarter 1 2021/22 or any GBF funding spent must be returned to SELEP for and the full GBF allocation of £1.972m should be reallocated to the next project on the GBF pipeline at the earliest opportunity.
- 6.8. The project has now made SELEP aware that they are not expecting to receive the outcome of their planning request until July 2021. The Board is asked to consider whether to extend the deadline for having planning consents in place to the end of July or to withdraw the funding allocation in line with the original decision. Currently the project has forecast to spend the bulk of its GBF allocation in the last two quarters of 2021/22. This creates risk that the project will be unable to meet the requirement to spend the GBF by March 2022, should there be any further delays to the delivery of the project.

7. GBF Programme Risks

- 7.1. In addition to project specific risks, Appendix B sets out the overall programme risks. The main risks include that the second tranche of funding for 2021/22 is still to be confirmed and the impact of the COVID-19 crisis on the delivery (and pace of delivery) of project outputs and outcomes, which could impact the overall value for money achieved through the delivery of the programme.

8. Financial Implications (Accountable Body comments)

- 8.1. All funding allocations which are agreed by the Board are dependent on the Accountable Body receiving sufficient funding from HM Government. The Accountable Body has received the first tranche of GBF for £42.5m from MHCLG in September 2020. The second tranche of GBF for £42.5m is unconfirmed by MHCLG and is expected to be confirmed and received in April 2021.

- 8.2. Should the second remaining tranche of GBF for £42.5m from Government be delayed or withdrawn in 2021/22 resulting in insufficient funding to the programme, there could be a risk to completion of GBF projects and delivery of outcomes.
- 8.3. Any spend by Scheme Promoters of GBF in advance of receipt by the Accountable Body is undertaken at risk by the respective local authority under the terms of the funding agreement being put in place.
- 8.4. The use of “Option 4 capital swap” or to transfer GBF at year end as a ring fenced grant as discussed in 3.3 of this report is permissible under the SLA’s which have been drafted between ECC as Accountable Body and the local authority partners. Written confirmation from the S151 officer for each Local Authority that they are comfortable with either approach to apply the option 4 GBF capital swap or to transfer GBF as a ring fenced grant as required at the end of 2020/21, has been received.
- 8.5. 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.
- 8.6. Should the funding not be utilised in accordance with the conditions, the Government may request return of the funding, or withhold future funding streams.
- 8.7. Should the Board agree to the removal of the last funding condition over the Swan Modular Housing Factory Project under recommendation 2.1.2 and a variation agreement to the original agreement is required to reflect this change, no funding will be transferred until this variation agreement is complete and signed by all parties.

9. Legal Implications (Accountable Body comments)

- 9.1. Service Level Agreements are in place between the SELEP Accountable Body, SELEP Ltd and the upper tier for the transfer of the funding in line with the terms of the grant conditions received from Central Government. The SLA’s should contain the projects in the appendices, including any conditions.
- 9.2. For the Swan Housing Project, the SLA contains the conditions of grant that must be adhered to and a variation to the SLA may be needed to amend the conditions
- 9.3. If the projects are not listed in the appendices to the SLA, the SLA will need to be varied to add them.

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

Getting Building Fund Capital Programme update

- 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 –Analysis of movement in 2020/21 forecast
- 11.2. Appendix B – Programme Risk Register

12. List of Background Papers

- 12.1. None

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

Role	Date
Accountable Body sign off Peter Shakespear (on behalf of Nicole Wood, S151 Officer, Essex County Council)	04/03/21

			2020/21							
Project Name	Local Authority area	GBF Allocation	Q2 2020-21 Baseline	Q2 2020-21 Actual	Q2 2020-21 Difference	Q3 2020-21 Baseline	Q3 2020-21 Actual	Q3 2020-21 Difference	Q4 2020-21 Baseline	Q4 2020-21 Forecast
East Sussex										
Fast Track Business Solutions for the Hastings Manufacturing Sector	East Sussex	3,500,000	-	-	-	125,000	46,075	- 78,925	125,000	153,925
Restoring the Glory of the Winter Garden	East Sussex	1,600,000	-	-	-	-	105,000	105,000	600,000	595,000
The Observer Building, Hastings (Phase 2) Option A	East Sussex	1,713,000	-	-	-	-	183,568	183,568	914,000	625,644
Charleston's access road: removing the barrier to growth	East Sussex	89,293	-	-	-	20,000	-	- 20,000	69,323	89,293
Creative Hub, 4 Fisher Street, Lewes	East Sussex	250,000	-	-	-	-	128,962	128,962	250,000	121,038
Riding Sunbeams Solar Railways	East Sussex	2,527,500	1,336,596	-	- 1,336,596	592,122	64,000	- 528,122	413,654	259,000
Sussex Innovation Falmer - Covid Secure adaptations-	East Sussex	200,000	-	-	-	-	-	-	200,000	47,450
UTC Maritime & Sustainable Technology Hub	East Sussex	1,300,000	-	-	-	-	7,679	7,679	300,000	125,000
Essex		11,179,793	1,336,596	-	- 1,336,596	737,122	535,284	- 201,838	2,871,977	2,016,350
Acceleration of full-fibre broadband deployment in very rural or very hard-to reach premises	Essex	680,000	-	-	-	-	-	-	680,000	-
Extension of the full-fibre broadband rollout in Essex to reach rural and hard to reach premises	Essex	1,820,000	-	-	-	-	-	-	1,820,000	-
Enterprise Centre for Horizon 120 Business Park	Essex	7,000,000	1,846,669	-	- 1,846,669	-	-	-	5,153,331	800,000
Harlow Library	Essex	977,000	-	-	-	-	-	-	-	-
Jaywick Market & Commercial Space	Essex	1,972,000	-	-	-	-	-	-	170,973	70,000
Labworth Car Park, Canvey Island modernisation	Essex	700,000	-	-	-	-	-	-	326,000	456,000
Modus	Essex	1,960,000	-	-	-	-	-	-	1,960,000	1,960,000
Nexus	Essex	1,600,000	-	-	-	-	-	-	1,600,000	450,000
Remodelling of buildings at Harlow College to provide new 'T'-levels	Essex	1,500,000	-	-	-	-	-	-	103,778	15,000
Rocheway	Essex	713,000	-	-	-	334,000	-	- 334,000	379,000	379,000
Swan modular housing factory	Essex	4,530,000	-	-	-	-	-	-	2,046,625	2,046,625
Tendring Bikes & Cycle Infrastructure	Essex	2,300,000	-	-	-	-	-	-	700,000	700,000
Tindal Square, Chelmsford	Essex	750,000	-	-	-	-	-	-	-	-
Kent		26,502,000	1,846,669	-	- 1,846,669	334,000	-	- 334,000	14,939,707	6,876,625
Digitally Connecting Rural Kent and Medway	Kent	2,290,152	-	-	-	-	-	-	260,543	260,544
Javelin Way Development	Kent	578,724	-	-	-	289,362	289,362	-	289,362	289,362
Romney Marsh Employment Hub	Kent	3,536,466	-	-	-	-	-	-	1,564,000	1,564,000
Thanet Parkway Railway Station	Kent	11,999,000	276,892	276,892	-	3,257,194	3,257,194	-	2,980,302	2,980,302
First and Second Floors, Building 500, Discovery Park, Sandwich	Kent	2,500,000	-	-	-	-	-	-	-	-
New Performing & Production Digital Arts Facility @ North Kent College	Kent	12,301,796	-	-	-	-	-	-	2,102,262	2,102,262
The Meeting Place Swanley	Kent	1,490,000	-	-	-	211,949	211,949	-	-	-
Medway		34,696,138	276,892	276,892	-	3,758,505	3,758,505	-	7,196,469	7,196,470
Britton Farm Redevelopment Learning, Skills & Employment Hub	Medway	1,990,000	-	-	-	50,000	64,328	14,328	480,000	415,672
Southend		1,990,000	-	-	-	50,000	64,328	14,328	480,000	415,672
Better Queensway	Southend	4,200,000	-	-	-	-	-	-	-	-
South Essex No Use Empty	Southend	1,200,000	-	-	-	-	-	-	400,000	400,000
Thurrock		5,400,000	-	-	-	-	-	-	400,000	400,000
LFFN	Thurrock	2,500,000	-	-	-	-	-	-	1,000,000	1,000,000
Transport and Logistics Institute	Thurrock	600,000	-	-	-	-	-	-	-	-
Thurrock		3,100,000	-	-	-	-	-	-	1,000,000	1,000,000
Unallocated funding		2,132,069								
Total		82,867,931	3,460,157	276,892	- 3,183,265	4,879,627	4,358,117	- 521,510	26,888,153	17,905,117

Project Name	Local Authority area	Q4 2020-21 Difference	Total Baseline 2020/21	Total Forecast 2020/21	Total Difference 2020/21	Q1 2021-22 Baseline	Q1 2021-22 Forecast	Q1 2021-22 Difference	Q2 2021-22 Baseline
East Sussex									
Fast Track Business Solutions for the Hastings Manufacturing Sector	East Sussex	28,925	250,000	200,000	- 50,000	1,500,000	600,000	- 900,000	1,500,000
Restoring the Glory of the Winter Garden	East Sussex	- 5,000	600,000	700,000	- 100,000	-	225,000	225,000	-
The Observer Building, Hastings (Phase 2) Option A	East Sussex	- 288,356	914,000	809,212	- 104,788	-	238,589	238,589	-
Charleston's access road: removing the barrier to growth	East Sussex	19,970	89,323	89,293	- 30	-	-	-	-
Creative Hub, 4 Fisher Street, Lewes	East Sussex	- 128,962	250,000	250,000	- 0	-	-	-	-
Riding Sunbeams Solar Railways	East Sussex	- 154,654	2,342,372	323,000	- 2,019,372	185,128	169,000	- 16,128	-
Sussex Innovation Falmer - Covid Secure adoptions-	East Sussex	- 152,550	200,000	47,450	- 152,550	-	114,412	114,412	-
UTC Maritime & Sustainable Technology Hub	East Sussex	- 175,000	300,000	132,679	- 167,321	250,000	291,831	41,831	250,000
Essex		- 855,627	4,945,695	2,551,634	- 2,394,061	1,935,128	1,638,832	- 296,296	1,750,000
Acceleration of full-fibre broadband deployment in very rural or very hard-to reach premises	Essex	- 680,000	680,000	-	- 680,000	-	-	-	-
Extension of the full-fibre broadband rollout in Essex to reach rural and hard to reach premises	Essex	- 1,820,000	1,820,000	-	- 1,820,000	-	-	-	-
Enterprise Centre for Horizon 120 Business Park	Essex	- 4,353,331	7,000,000	800,000	- 6,200,000	-	1,200,000	1,200,000	-
Harlow Library	Essex	-	-	-	-	-	-	-	-
Jaywick Market & Commercial Space	Essex	- 100,973	170,973	70,000	- 100,973	-	120,000	120,000	-
Labworth Car Park, Canvey Island modernisation	Essex	130,000	326,000	456,000	- 130,000	-	244,000	244,000	374,000
Modus	Essex	-	1,960,000	1,960,000	-	-	-	-	-
Nexus	Essex	- 1,150,000	1,600,000	450,000	- 1,150,000	-	800,000	800,000	-
Remodelling of buildings at Harlow College to provide new 'T'-levels	Essex	- 88,778	103,778	15,000	- 88,778	-	50,000	50,000	-
Rocheway	Essex	-	713,000	379,000	- 334,000	-	-	-	-
Swan modular housing factory	Essex	-	2,046,625	2,046,625	-	-	-	-	-
Tendring Bikes & Cycle Infrastructure	Essex	-	700,000	700,000	-	-	-	-	-
Tindal Square, Chelmsford	Essex	-	-	-	-	-	-	-	-
Kent		- 8,063,082	17,120,376	6,876,625	- 10,243,751	-	2,414,000	2,414,000	374,000
Digitally Connecting Rural Kent and Medway	Kent	1	260,543	260,544	- 1	233,527	233,527	-	238,527
Javelin Way Development	Kent	-	578,724	578,724	-	-	-	-	-
Romney Marsh Employment Hub	Kent	-	1,564,000	1,564,000	-	493,116	493,116	-	493,117
Thanet Parkway Railway Station	Kent	-	6,514,388	6,514,388	-	1,371,152	1,371,152	-	1,371,152
First and Second Floors, Building 500, Discovery Park, Sandwich	Kent	-	-	-	-	550,000	550,000	-	1,500,000
New Performing & Production Digital Arts Facility @ North Kent College	Kent	-	2,102,262	2,102,262	-	2,788,195	2,788,195	-	3,557,187
The Meeting Place Swanley	Kent	-	211,949	211,949	-	319,515	319,515	-	319,512
Medway		1	11,231,866	11,231,867	- 1	5,755,505	5,755,505	-	7,479,495
Britton Farm Redevelopment Learning, Skills & Employment Hub	Medway	- 64,328	530,000	480,000	- 50,000	200,000	200,000	-	350,000
Southend		- 64,328	530,000	480,000	- 50,000	200,000	200,000	-	350,000
Better Queensway	Southend	-	-	-	-	-	-	-	-
South Essex No Use Empty	Southend	-	400,000	400,000	-	400,000	400,000	-	300,000
Thurrock		-	400,000	400,000	-	400,000	400,000	-	300,000
LFFN	Thurrock	-	1,000,000	1,000,000	-	400,000	400,000	-	400,000
Transport and Logistics Institute	Thurrock	-	-	-	-	300,000	300,000	-	300,000
Thurrock		-	1,000,000	1,000,000	-	700,000	700,000	-	700,000
Unallocated funding									
Total		- 8,983,036	35,227,937	22,540,126	- 12,687,811	8,990,633	11,108,337	2,117,704	10,953,495

		2021/22								
Project Name	Local Authority area	Q2 2021-22	Q2 2021-22	Q3 2021-22	Q3 2021-22	Q3 2021-22	Q4 2021-22	Q4 2021-22	Q4 2021-22	Total
		Forecast	Difference	Baseline	Forecast	Difference	Baseline	Forecast	Difference	Baseline 2021/22
East Sussex										
Fast Track Business Solutions for the Hastings Manufacturing Sector	East Sussex	1,200,000	- 300,000	250,000	1,150,000	900,000	-	350,000	350,000	3,250,000
Restoring the Glory of the Winter Garden	East Sussex	225,000	225,000	-	225,000	225,000	1,000,000	225,000	- 775,000	1,000,000
The Observer Building, Hastings (Phase 2) Option A	East Sussex	238,589	238,589	-	238,589	238,589	799,000	188,021	- 610,979	799,000
Charleston's access road: removing the barrier to growth	East Sussex	-	-	-	-	-	-	-	-	-
Creative Hub, 4 Fisher Street, Lewes	East Sussex	-	-	-	-	-	-	-	-	-
Riding Sunbeams Solar Railways	East Sussex	645,500	645,500	-	1,030,000	1,030,000	-	360,000	360,000	185,128
Sussex Innovation Falmer - Covid Secure adaptations-	East Sussex	38,138	38,138	-	-	-	-	-	-	-
UTC Maritime & Sustainable Technology Hub	East Sussex	291,830	41,830	250,000	291,830	41,830	250,000	291,830	41,830	1,000,000
Essex		2,639,057	889,057	500,000	2,935,419	2,435,419	2,049,000	1,414,851	- 634,149	6,234,128
Acceleration of full-fibre broadband deployment in very rural or very hard-to reach premises	Essex	-	-	-	680,000	680,000	-	-	-	-
Extension of the full-fibre broadband rollout in Essex to reach rural and hard to reach premises	Essex	820,000	820,000	-	1,000,000	1,000,000	-	-	-	-
Enterprise Centre for Horizon 120 Business Park	Essex	1,900,000	1,900,000	-	3,100,000	3,100,000	-	-	-	-
Harlow Library	Essex	-	-	-	977,000	977,000	977,000	-	- 977,000	977,000
Jaywick Market & Commercial Space	Essex	400,000	400,000	-	675,000	675,000	1,801,027	707,000	- 1,094,027	1,801,027
Labworth Car Park, Canvey Island modernisation	Essex	-	- 374,000	-	-	-	-	-	-	374,000
Modus	Essex	-	-	-	-	-	-	-	-	-
Nexus	Essex	350,000	350,000	-	-	-	-	-	-	-
Remodelling of buildings at Harlow College to provide new 'T'-levels	Essex	220,000	220,000	-	1,215,000	1,215,000	1,396,222	-	- 1,396,222	1,396,222
Rocheway	Essex	-	-	-	-	-	-	-	-	-
Swan modular housing factory	Essex	-	-	-	-	-	2,483,375	2,483,375	-	2,483,375
Tendring Bikes & Cycle Infrastructure	Essex	-	-	-	-	-	1,600,000	1,600,000	-	1,600,000
Tindal Square, Chelmsford	Essex	-	-	-	300,000	300,000	750,000	450,000	- 300,000	750,000
Kent		3,690,000	3,316,000	-	7,947,000	7,947,000	9,007,624	5,240,375	- 3,767,249	9,381,624
Digitally Connecting Rural Kent and Medway	Kent	238,527	-	743,027	743,027	-	814,527	814,527	-	2,029,608
Javelin Way Development	Kent	-	-	-	-	-	-	-	-	-
Romney Marsh Employment Hub	Kent	493,117	-	493,116	493,116	-	493,117	493,117	-	1,972,466
Thanet Parkway Railway Station	Kent	1,371,152	-	1,371,152	1,371,152	-	1,371,156	1,371,156	-	5,484,612
First and Second Floors, Building 500, Discovery Park, Sandwich	Kent	1,500,000	-	450,000	450,000	-	-	-	-	2,500,000
New Performing & Production Digital Arts Facility @ North Kent College	Kent	3,557,187	-	3,013,925	3,013,925	-	840,227	840,227	-	10,199,534
The Meeting Place Swanley	Kent	319,512	-	319,512	319,512	-	319,512	319,512	-	1,278,051
Medway		7,479,495	-	6,390,732	6,390,732	-	3,838,539	3,838,539	-	23,464,271
Britton Farm Redevelopment Learning, Skills & Employment Hub	Medway	350,000	-	400,000	450,000	50,000	510,000	510,000	-	1,460,000
Southend		350,000	-	400,000	450,000	50,000	510,000	510,000	-	1,460,000
Better Queensway	Southend	-	-	-	-	-	4,200,000	4,200,000	-	4,200,000
South Essex No Use Empty	Southend	300,000	-	100,000	100,000	-	-	-	-	800,000
Thurrock		300,000	-	100,000	100,000	-	4,200,000	4,200,000	-	5,000,000
LFFN	Thurrock	400,000	-	400,000	400,000	-	300,000	300,000	-	1,500,000
Transport and Logistics Institute	Thurrock	300,000	-	-	-	-	-	-	-	600,000
Thurrock		700,000	-	400,000	400,000	-	300,000	300,000	-	2,100,000
Unallocated funding										
Total		15,158,552	4,205,057	7,790,732	18,223,151	10,432,419	19,905,163	15,503,765	- 4,401,398	47,640,023

Project Name	Local Authority area	Total Forecast 2021/22	Total Difference 2021/22	Total Baseline Both years	Total Forecast Both years	Total Difference Both years
East Sussex						
Fast Track Business Solutions for the Hastings Manufacturing Sector	East Sussex	3,300,000	50,000	3,500,000	3,500,000	-
Restoring the Glory of the Winter Garden	East Sussex	900,000	- 100,000	1,600,000	1,600,000	-
The Observer Building, Hastings (Phase 2) Option A	East Sussex	903,788	104,788	1,713,000	1,713,000	-
Charleston's access road: removing the barrier to growth	East Sussex	-	-	89,323	89,293	- 30
Creative Hub, 4 Fisher Street, Lewes	East Sussex	-	-	250,000	250,000	0
Riding Sunbeams Solar Railways	East Sussex	2,204,500	2,019,372	2,527,500	2,527,500	-
Sussex Innovation Falmer - Covid Secure adoptions-	East Sussex	152,550	152,550	200,000	200,000	-
UTC Maritime & Sustainable Technology Hub	East Sussex	1,167,321	167,321	1,300,000	1,300,000	- 0
Essex		8,628,159	2,394,031	11,179,823	11,179,793	- 30
Acceleration of full-fibre broadband deployment in very rural or very hard-to reach premises	Essex	680,000	680,000	680,000	680,000	-
Extension of the full-fibre broadband rollout in Essex to reach rural and hard to reach premises	Essex	1,820,000	1,820,000	1,820,000	1,820,000	-
Enterprise Centre for Horizon 120 Business Park	Essex	6,200,000	6,200,000	7,000,000	7,000,000	-
Harlow Library	Essex	977,000	-	977,000	977,000	-
Jaywick Market & Commercial Space	Essex	1,902,000	100,973	1,972,000	1,972,000	-
Labworth Car Park, Canvey Island modernisation	Essex	244,000	- 130,000	700,000	700,000	-
Modus	Essex	-	-	1,960,000	1,960,000	-
Nexus	Essex	1,150,000	1,150,000	1,600,000	1,600,000	-
Remodelling of buildings at Harlow College to provide new 'T'-levels	Essex	1,485,000	88,778	1,500,000	1,500,000	-
Rocheway	Essex	-	-	713,000	379,000	- 334,000
Swan modular housing factory	Essex	2,483,375	-	4,530,000	4,530,000	-
Tendring Bikes & Cycle Infrastructure	Essex	1,600,000	-	2,300,000	2,300,000	-
Tindal Square, Chelmsford	Essex	750,000	-	750,000	750,000	-
Kent		19,291,375	9,909,751	26,502,000	26,168,000	- 334,000
Digitally Connecting Rural Kent and Medway	Kent	2,029,608	-	2,290,151	2,290,152	1
Javelin Way Development	Kent	-	-	578,724	578,724	-
Romney Marsh Employment Hub	Kent	1,972,466	-	3,536,466	3,536,466	-
Thanet Parkway Railway Station	Kent	5,484,612	-	11,999,000	11,999,000	-
First and Second Floors, Building 500, Discovery Park, Sandwich	Kent	2,500,000	-	2,500,000	2,500,000	-
New Performing & Production Digital Arts Facility @ North Kent College	Kent	10,199,534	-	12,301,796	12,301,796	-
The Meeting Place Swanley	Kent	1,278,051	-	1,490,000	1,490,000	-
Medway		23,464,271	-	34,696,137	34,696,138	1
Britton Farm Redevelopment Learning, Skills & Employment Hub	Medway	1,510,000	50,000	1,990,000	1,990,000	-
Southend		1,510,000	50,000	1,990,000	1,990,000	-
Better Queensway	Southend	4,200,000	-	4,200,000	4,200,000	-
South Essex No Use Empty	Southend	800,000	-	1,200,000	1,200,000	-
Thurrock		5,000,000	-	5,400,000	5,400,000	-
LFFN	Thurrock	1,500,000	-	2,500,000	2,500,000	-
Transport and Logistics Institute	Thurrock	600,000	-	600,000	600,000	-
Thurrock		2,100,000	-	3,100,000	3,100,000	-
Unallocated funding				2,132,069	2,132,069	-
Total		59,993,805	12,353,782	85,000,029	82,533,931	- 2,466,098

Appendix B - GBF Programme Risks (High Risks only)

Risk	Description	Risk Impact	Risk Probability	Overall Risk	Mitigation
SELEP Ltd GBF funding for FY21/22	Of the £85m GBF allocation secured by SELEP, £42.5m has been transferred to the Accountable Body in 2020/21. The second tranche of £42.5m funding due to be received in April 2021 has, at this stage, only been provisionally allocated to SELEP and remains subject to confirmation from Central Government that the funding will be transferred in 2021/22. There is therefore a risk that the second tranche of funding will not be received. This presents a risk to the delivery of GBF projects	5	2	10	Regular updates will be provided to Central Government on progress in delivering LGF projects. Mitigation options are being considered to enable the spend of the 2020/21 GBF allocation by the end the financial year, to make a strong case for the second tranche of funding.
GBF Underspend and Option 4 Capital Swaps	Currently, the programme is forecasted to underspend by £20.077m, including £9.490m that was never forecasted to be spent in 2020/21. This funding now has to be transferred to authorities and either spent in their capital programmes as Capital 4 swaps or held as ringfenced grants. We need to transfer this funding before the end of the financial year in order to meet the conditions set forth by Central Government. Risk - Slippage of funding (include values)	2	5	10	Mitigation - option 4 capital swap
Risk to meeting 31 March 2022 deadline	There was a £12.587m slippage in project spending for 2020/21. and therefore now need to spend more next financial year. This slippage could mean that projects now cannot spend their allocation by the March 2022 deadline.	3	5	15	Monitoring and oversight by Accountability Board. Pipeline being development. Alternative investments identified if existing project is unable to proceed.
Affordability of GBF projects	There may be delays to the delivery of GBF projects due to COVID-19, with an impact on the total cost of GBF projects. In addition, the second national lockdown may place greater financial strain of those partners due to provide contributions to the delivery of the projects. This could create a funding gap. The impact of Covid-19 on project costs and availability of local funding sources may impact the affordability of GBF projects.	3	5	15	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. GBF projects have been identified to support the
Resource to deliver GBF projects	There is a risk to the availability of resource to deliver GBF projects, as a result of remote working, sickness and as a result of resources being redeployed to support critical services within local authorities. This is likely to result in project delays but also creates a risk to the oversight of projects.	4	4	16	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. Projects are also still allowed to continue project delivery past the March 2022 deadline as long as the GBF allocation to projects has been spent.

Appendix B - GBF Programme Risks (High Risks only)

Risk	Description	Risk Impact	Risk Probability	Overall Risk	Mitigation
Supply Chain Risk	Private sector companies within the supply chain may be vulnerable to the current economic situation, particularly as the furlough scheme ends. If companies go into financial difficulty or liquidation, this will impact project delivery timescales and costs.	4	3	12	SELEP encourages local authorities to complete additional financial checks for contractors and sub-contractors prior to entering into any new contracts and reviewing the financial position as part of the contract management for existing contracts.
Failure of third-party organisations to deliver GBF projects	Local authorities are entering into contract with third party organisations, such as district authorities, private sector companies, further education and higher education providers to deliver GBF projects. If the external organisations experience financial difficulty and are unable to deliver GBF projects, it may not be possible to recover the GBF from these organisations should they enter administration. This would result in local authorities being responsible for repaying abortive costs to SELEP.	5	3	15	SELEP encourages local authorities to complete additional financial checks prior to entering into contract or transferring GBF to third party organisations and to ensure clear processes are in place for the oversight of GBF projects delivered by third party organisations.
Operational budgets	Given the current financial climate, there may be financial challenges to the future operation of GBF projects by the private sector, including Higher Education Institutions and Further Education providers. As well as impacting the delivery stage of the projects, this is also likely to impact the operation of the projects once delivered and impact the scale/pace to benefits realisation through the project.	4	4	16	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.
Delivery of GBF project benefits	The economic impact of COVID-19 is likely to reduce the benefits achieved through GBF investment, or at least slow the pace of benefit realisation. This could reduce the value for money achieved through the delivery of the GBF programme.	3	5	15	Any changes to benefits achieved through GBF investment will be monitored and reported to the Board and decisions will need to be made on an as needed one whether projects still offer high value for money. Any changes will also need to be agreed with Central Government.
Central Government fail to agree to the new baseline outcomes	Through the development of the Business Cases, there have been changes to some of the project outputs/outcomes as more detailed assessment has been carried out to consider the project's expected benefits since the original Government submission. If Central Government do not agree to accept those changes, those projects are then at risk of being unable to deliver the full benefits or will need to be withdrawn.	4	2	8	A baseline report is presented as appendix D which will provides a revised position for the expected outputs/outcomes relative to the original submission to Centra Government. Central Governmet will be asked to agree the revised baseline information. If agreement isn't obtained, a further decision will be sought from the Board, to confirm that revisions will be made to the project to ensure that the original project outputs/outcomes can be delivered or to agree how the funding should be reallocated, based on the advice from Central Government.

Report title: Growing Places Fund funding decisions	
Report to: Accountability Board	
Report author: Helen Dyer, SELEP Capital Programme Officer	
Meeting date: 12 March 2021	For: Decision
Enquiries to: helen.dyer@southeastlep.com	
SELEP Partner Authority affected: Southend and Kent	

1. Purpose of report

- 1.1. The purpose of this report is to allow the Accountability Board (the Board) to consider the award of £4.5m Growing Places Fund (GPF) funding to the two projects (the Projects) detailed in Appendix B. These projects were included in the GPF project pipeline agreed by Strategic Board on 12 June 2020.

2. Recommendations

- 2.1. The Board is asked to **approve** the award of:
- 2.1.1. £1m GPF by way of a loan to support the delivery of the No Use Empty South Essex project, as set out in Appendix C, which has been assessed as offering High value for money with High certainty of achieving this; and
 - 2.1.2. £3.5m GPF by way of a loan to support the delivery of the Herne Relief Road – Bullockstone Road Improvement Scheme project, as set out in Appendix D, which has been assessed as offering High value for money with Low/Medium certainty of achieving this. Noting that the funding will be transferred in two tranches, with the second tranche (£1.4m) dependent upon a successful outcome of the ongoing planning appeal. If the planning appeal is unsuccessful, the value of the GPF loan will be reduced to £2.1m (tranche 1 only).

3. Background

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

Growing Places Fund funding decisions

- 3.2. A total of £45.477m GPF capital funding was made available to SELEP for spend as a capital loan. The recyclable nature of the pot has enabled a total of £58.796m to be invested across 25 projects to date.

4. Growing Places Fund overview

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

5. Case for Investment

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

No Use Empty South Essex

- 5.2. Table 1 provides an overview of the No Use Empty South Essex project.

Table 1: Overview of the No Use Empty South Essex project

GPF allocation: £1.0m		Total project cost: £2.7m (estimate)	
Key outputs:			
<ul style="list-style-type: none">Provision of short-term secured loans (up to 3 years) to bring empty commercial properties back into use, for alternative commercial, residential or mixed-use purposes.			
Key project milestones:			
Milestone		Indicative date	
No Use Empty South Essex 'expansion' launch		June 2021	
Groundwork and site identification		Ongoing to March 2023 or until loan fund fully allocated	
Assessment of applications		Ongoing to March 2023 or until loan fund fully allocated	
Recovery of loans in line with contractual agreements		To March 2026	
Repayment schedule:			
2024/25		2025/26	Total
£0.4m		£0.6m	£1.0m

- 5.3. The No Use Empty South Essex project aims to return long-term empty commercial properties to use, for residential, alternative commercial or mixed-use purposes, with a particular focus on secondary retail and other commercial premises which have been significantly impacted by changing consumer demand and which may have been impacted by larger regeneration schemes. The properties are returned to use through the provision of short-term secured loans to property owners.
- 5.4. In November 2020, the Board approved the award of £1.2m Getting Building Fund to support delivery of the No Use Empty South Essex project. The Growing Places Fund funding is being sought to enable the expansion of the project, to provide the opportunity for a greater number of properties to be returned to effective use.
- 5.5. The COVID-19 pandemic has exacerbated issues already faced by town centres and High Streets and has resulted in a rise in vacant commercial units, including a number of large shop spaces. The project seeks to repurpose these empty units to enable them to support a wider range of uses, including residential, alternative commercial and mixed use. Reducing the number of long-term vacant units is critical to attracting commercial investors and improving the environment for both neighbouring commercial businesses and residents, thereby supporting economic growth and wider regeneration.
- 5.6. Following consideration of the Business Case by the ITE, the Project has been assessed as offering High value for money, with High certainty of achieving this. The ITE is satisfied that a robust and proportionate economic assessment of scheme costs and benefits has been undertaken and that appropriate guidance has been followed.

Herne Relief Road – Bullockstone Road Improvement Scheme

- 5.7. Table 2 provides an overview of the Herne Relief Road – Bullockstone Road Improvement Scheme project.

Table 2: Overview of the Herne Relief Road – Bullockstone Road Improvement Scheme project

GPF allocation: £3.5m	Total project cost: £8.976m
Key outputs:	
<ul style="list-style-type: none">Improvements to Bullockstone Road including:<ul style="list-style-type: none">Widening the carriageway to 7m;Improving the alignment of Bullockstone Road, in particular taking out a blind bend;Providing a 2m wide footway/cycleway for the full length of the scheme;Constructing roundabouts at the A291 Canterbury Road junction and the access into Lower Herne Village;Providing a positive drainage system to alleviate existing surface water flooding that is experienced by Bullockstone Road residents.	
Key project milestones:	
Milestone	Indicative date
Submission of a revised planning application to reflect changes to design as a result of the consultation process	November 2020
Decision on revised planning application	By 31 st March 2021
Construction commences onsite	Spring 2022
Construction complete	Autumn 2023
Repayment schedule:	
It is intended that Tranche 1 (£2.1m) of the GPF funding allocation will be repaid in full in 2025/26 upon receipt of developer contributions.	
It is expected that Tranche 2 (£1.4m), if released, will also be repaid in full in 2025/26 upon receipt of developer contributions. This repayment schedule will be confirmed if and when the conditions for the release of Tranche 2 have been met.	

- 5.8. The A291 which passes through the centre of the village of Herne is a key corridor in the area, providing access between the A299 and the A28 and thus further afield. The strategic importance of the A291 results in this route and Herne village being subject to large volumes of traffic. There is significant political and local pressure to reduce the volume of traffic utilising the A291 through the centre of Herne.
- 5.9. The project seeks to deliver improvements to the nearby Bullockstone Road which will make it suitable for use as an alternative route, in conjunction with the spine road through the proposed Lower Herne Village development, reducing the level of traffic travelling

through Herne village. The project will not only help to improve the situation in Herne Village but will also provide the infrastructure required to support the construction of around 2,500 new homes and other facilities in the local area including commercial, retail and community space.

- 5.10. GPF funding is being sought to accelerate the delivery of the improvements to Bullockstone Road and to allow all the proposed works to be brought forward in one phase. If the project were to be delivered upon receipt of S106 contributions from upcoming developments, it is expected that the works would need to be delivered in multiple phases, leading to significant disruption in Herne village as a result of repeated closures of Bullockstone Road whilst the works were undertaken. Furthermore, in accordance with the current planning conditions the Bullockstone Road improvement scheme must be delivered prior to the completion of the spine road through the Lower Herne Village development. Should GPF funding not be used to support accelerated delivery of the Project, there is a risk that this planning condition will not be met.
- 5.11. Following consideration of the Business Case by the ITE, the Project has been assessed as offering High value for money, with Low/Medium certainty of achieving this. The ITE is satisfied that a proportionate assessment of scheme costs and benefits has been undertaken and that appropriate guidance has been followed.
- 5.12. Reasonable and robust assumptions have been used to populate the scheme appraisal. There are, however, developer contribution elements of the funding package which are still subject to planning permission being secured and therefore the Board are asked to consider the risk that this poses to timely repayment of the loan before deciding whether or not to approve funding for the scheme.

6. Risks

- 6.1. Each of the projects under consideration in this report has produced a comprehensive risk register which identifies the key risks faced by the Projects and sets out appropriate individual mitigating actions in each case.
- 6.2. Due to the nature of the No Use Empty South Essex project, there are a number of uncertainties at this stage of the project, particularly in relation to outcomes and private sector funding contributions. These uncertainties have arisen as the properties which are to be returned to use through the project have not yet been identified and therefore the associated costs and benefits cannot be confirmed at this stage.
- 6.3. The Getting Building Fund funded phase of the No Use Empty South Essex project is still in its' early stages of delivery and is therefore not yet in a position to be able to provide assurances regarding the assumptions made with regard to the forecast private sector funding contributions and the estimated project outcomes. However, the project seeks to replicate the No Use Empty programme which has been operating successfully in Kent for the past 15 years. The project will utilise the established management and operational processes developed by Kent County Council and experience gained by Kent County Council has fed into the calculation of the anticipated project benefits and private sector funding contributions.

- 6.4. Delivery of the Herne Relief Road Project is considered to be relatively low risk as development of the Project is well progressed. However, it should be noted that a revised planning application was submitted in November 2020 to reflect design changes arising as a result of the consultation process. Planning consent was originally granted for the Bullockstone Road improvements in April 2017 and therefore it is anticipated that the need for revised planning consent presents a low risk. A decision on the revised planning application is expected by the end of March 2021.
- 6.5. The primary risk in relation to the project relates to the certainty of the receipt of future S106 contributions which are due to be used to repay the GPF loan.
- 6.6. Repayment of the GPF loan is due to be made upon receipt of developer contributions from the Lower Herne Village and Hillborough developments. The contribution from the Lower Herne Village development is committed but will not be released until occupation of the 250th home on the site. Whilst planning permission has been granted for 800 homes on the site, it is currently anticipated that the developer funding may not be available until late 2025.
- 6.7. A developer contribution from the Hillborough development has been identified, however, in September 2020 the Local Planning Authority took the decision to refuse the Hillborough planning application. An appeal has been submitted by the developer, with the appeal inquiry scheduled to commence on 16 March 2021. As a result of the outstanding appeal, the value of the S106 contributions and the timetable for this funding being released cannot yet be confirmed. This presents a significant GPF repayment risk against the project.
- 6.8. To mitigate this repayment risk, it is proposed that the funding is released in two tranches. The first tranche, £2.1m, will be released following this Board decision and the completion of the required legal agreements. The second tranche, £1.4m, will only be released upon receipt of evidence of planning approval for the Hillborough development following the upcoming appeal hearing. If planning approval is not received, the remaining GPF allocation will be withdrawn and the GPF loan value will be reduced to £2.1m.
- 6.9. Through S106 agreements in relation to the Herne Bay Golf Club and the Lower Herne Village development, there is sufficient funding already committed to facilitate repayment of the proposed first tranche of the GPF funding. This will enable Kent County Council to repay the £2.1m regardless of the outcome of the Hillborough development planning appeal. Receipt of the initial £2.1m GPF funding, will unlock development of the first phase (roundabout with Canterbury Road) which is the highest priority for Kent County Council.
- 6.10. There remains a risk regarding the outcome of the Hillborough development planning appeal, however, confirmation has been provided that the Local Planning Authority has reached a Statement of Common Ground with the developer in which agreement has been reached on all matters. In addition, Kent County Council have reached agreement with the developer that, subject to a successful planning appeal, their S106 contribution towards the Herne Relief Road will be released upon commencement of work onsite, giving greater certainty with regard to the timely repayment of the GPF loan.

- 6.11. If the conditions for the release of tranche 2 of the funding are not met, and the GPF loan value is reduced to £2.1m, Kent County Council still intend to deliver the full project scope. However, this will result in the project being delivered over a more protracted programme. To support delivery of the full project, the Hillborough site would be given the opportunity to come forward with a new planning application or alternative funding contributions would be sought to complete the funding package. Delivery of a reduced scheme would not deliver the benefits required and this is therefore not considered to be a viable option.
- 6.12. Assuming the Board approve the award of funding to the project at this meeting, a legal agreement covering tranche 1 of the funding will be put in place immediately. The Board will receive an update on the project once the outcome of the planning appeal is known, which will confirm whether the conditions for the release of tranche 2 of the funding have been met. This update will also confirm the repayment schedule for tranche 2 of the funding in light of the agreed timetable for the remaining S106 contributions. Following consideration of this update by the Board, a variation agreement will be put in place which sets out the addition of the tranche 2 funding and the confirmed repayment schedule for the full loan amount.

7. Financial Implications (Accountable Body comments)

- 7.1. There is sufficient GPF held in 2020/21 for reinvestment in the projects identified through GPF round 3 and included on the agreed prioritised pipeline of GPF projects, which are asking for a funding decision in this paper.
- 7.2. The repayment schedule for each project is as set out in Appendices C & D. Any changes to the Project or the repayment schedule will require further approval by the Board.
- 7.3. In the event of Project failure, the risk of non-repayment of the loan sits with the fund; any delay in repayment or non-repayment reduces the funding available to reinvest into new projects on the GPF investment pipeline. To mitigate this risk, it is a requirement of the lead County / Unitary authority to undertake regular monitoring and evaluation of the projects and report progress on delivery, outcomes and risks to the SELEP Secretariat.
- 7.4. Should the Board approve the recommendation at 2.1.2 the Accountable Body will transfer tranche 1 loan drawdown to the Lead Authority on request, once the Loan Agreement is complete. Should the planning appeal for the Project be successful and the Board considers the subsequent update at a future Board meeting, the tranche 2 drawdown request will be processed, on the completion of a variation agreement to the original Loan Agreement.
- 7.5. It is expected that each lead County/Unitary authority will enter into reciprocal agreements with the project promoter for each GPF project coming forward for a funding decision.

8. Legal Implications (Accountable Body comments)

- 8.1 Each award of GPF funding is supported by a Loan Agreement, which sets out the terms and conditions of the loan and sets out the repayment schedule. Where changes are proposed to the project and/or repayment schedules, where an agreement is in place, a

Deed of Variation will be required to amend the agreement and place the revisions within the terms of the Agreement.

- 8.2 The Agreements stipulate that the dates provided within the Drawdown Schedule are the earliest date by which a request to draw down the instalments can be made by the recipient authority. Accordingly changes to those dates and instalment values will require a deed of variation to the agreement currently in place, to ensure that the new Drawdown Schedule is brought within the terms of the Agreement

9. Equality and Diversity Implications

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

10. List of Appendices

- 10.1. Appendix A – Report of the Independent Technical Evaluator (as attached to Agenda Item 5)
- 10.2. Appendix B – GPF funding awards
- 10.3. Appendix C – No Use Empty South Essex project information
- 10.4. Appendix D – Herne Relief Road – Bullockstone Road Improvement Scheme project information

11. List of Background Papers

- 11.1. [Business Case for the No Use Empty South Essex project](#)
- 11.2. [Business Case for the Herne Relief Road – Bullockstone Road Improvement Scheme project](#)

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

Role	Date
Accountable Body sign off Peter Shakespear (on behalf of Nicole Wood, S151 Officer, Essex County Council)	03/03/2021

Appendix B - Summary of GPF projects seeking funding approval

Name of Project	Sponsoring Upper Tier	S151 officer sign off received	ITE - Recommend?	Secretariat Recommend?	VFM	Certainty	BCR	Total GPF - £	GPF drawdown 2021/22 - £	GPF drawdown 2022/23 - £	GPF drawdown 2023/24 - £	Final GPF repayment date
No Use Empty South Essex	Southend	Yes	Yes	Yes	High	High	2.35:1	1,000,000	400,000	600,000	-	31st March 2026
Herne Relief Road - Bullockstone Road Improvement Scheme (subject to conditions as set out in the report)	Kent	Yes	Yes	Yes	High	Low/Medium	7.11:1	3,500,000	3,500,000	-	-	31st March 2026
Total GPF Recommended for Approval								4,500,000				

Appendix C – GPF Project Background Information

Name of Project	<p>No Use Empty (NUE) South Essex</p> <p>South Essex – specific locations depend upon identified properties</p> <p>Southend-on-Sea Borough Council</p>
Growing Places Fund allocation	£1,000,000
Description of what Project delivers	<p>The Project will support the return of long-term empty commercial properties to effective use, for residential, alternative commercial or mixed-use purposes through the provision of short-term secured loans (up to 3 years).</p> <p>The project will focus on secondary retail and other commercial premises which have been significantly impacted by changing consumer demand and which may have been impacted by larger regeneration schemes.</p> <p>By bringing empty commercial properties back into use, the Project will:</p> <ul style="list-style-type: none"> • Support economic growth through new commercial activity: attracting new business rates and creating/or safeguarding jobs; • Increase the number of new homes available as a result of mixed-use development: generating new council tax receipts and attracting Government New Homes Bonus (subject to its continuation); and • Support wider regeneration, in particular assisting in the vitality and viability of existing commercial areas, improving the quality of the local environment, complementing wider regeneration activities and supporting community safety and cohesion. <p>The project has previously received £1.2m from the Getting Building Fund. The GPF funding will be used to extend the scheme, offering the opportunity for a greater number of properties to be returned to effective use.</p>
Need for intervention	<p>Excessive and long-term empty offices and retail units are evidence of local market failure: high risk and uncertain returns discourage commercial investors and the presence of dilapidated and empty properties impacts negatively on neighbouring occupiers and the wider environment.</p>

	<p>Typically, the greatest negative impact is in 'secondary' retail areas where floorspace exceeds demand. Intervention is required to bring properties into alternative use and to break the negative cycle of declining demand, rising dilapidations and rising risks and costs.</p> <p>This project seeks to address the high vacancy rates experienced across South Essex, for example, in Southend the Business Improvement District reports a current vacancy rate of 12% across the primary shopping area.</p>						
Project benefits	<p>The Project benefits are currently estimated based on the outcomes achieved through the No Use Empty programme in Kent.</p> <p>It is expected that the Project will deliver:</p> <ul style="list-style-type: none"> • 28 new homes; • 706sqm of commercial floorspace; • 18 new direct jobs. 						
Project risks	<p>The key identified project risks are:</p> <table border="1"> <thead> <tr> <th>Risk</th><th>Mitigation measures</th></tr> </thead> <tbody> <tr> <td>Return of capital investment - whenever monies are loaned there is an element of risk that the loan will not be repaid.</td><td> <p>All loans are subject to a risk assessment.</p> <p>Loans are secured as a 1st or 2nd Charge.</p> </td></tr> <tr> <td>Inaccurate property valuations – South Essex local authorities could be exposed to excessive risk.</td><td> <p>Independent Royal Institute of Chartered Surveyors (RICS) valuation to be undertaken to provide the existing and future value of properties.</p> <p>The NUE scheme will not lend more than 80% of the current value taking into account any first charges (mortgages) on the property being developed.</p> </td></tr> </tbody> </table>	Risk	Mitigation measures	Return of capital investment - whenever monies are loaned there is an element of risk that the loan will not be repaid.	<p>All loans are subject to a risk assessment.</p> <p>Loans are secured as a 1st or 2nd Charge.</p>	Inaccurate property valuations – South Essex local authorities could be exposed to excessive risk.	<p>Independent Royal Institute of Chartered Surveyors (RICS) valuation to be undertaken to provide the existing and future value of properties.</p> <p>The NUE scheme will not lend more than 80% of the current value taking into account any first charges (mortgages) on the property being developed.</p>
Risk	Mitigation measures						
Return of capital investment - whenever monies are loaned there is an element of risk that the loan will not be repaid.	<p>All loans are subject to a risk assessment.</p> <p>Loans are secured as a 1st or 2nd Charge.</p>						
Inaccurate property valuations – South Essex local authorities could be exposed to excessive risk.	<p>Independent Royal Institute of Chartered Surveyors (RICS) valuation to be undertaken to provide the existing and future value of properties.</p> <p>The NUE scheme will not lend more than 80% of the current value taking into account any first charges (mortgages) on the property being developed.</p>						
Financial Information	<p>The total capital cost of the project is estimated to be in the region of £2,665,000.</p> <p>At this stage it is not possible to provide a confirmed total project cost as this is dependent upon identification of the individual empty properties which will be improved as a result of the Project. The estimated costs provided are consistent with those experienced during delivery of the No Use Empty programme in Kent.</p>						

	Delivery of the Project will be funded through the following capital funding sources:												
	Funding source	Amount £m	Constraints, dependencies or risks										
	Growing Places Fund	1.000	Subject to Board approval										
	South Essex Local Authorities	0.315	This funding contribution is committed										
	Private sector	1.350	This funding contribution is not yet committed as it is dependent upon contributions from loan recipients. Funding contribution will be confirmed as empty properties are identified.										
	Total project cost	2.665											
GPF spend profile	The GPF allocation will be spent in accordance with the spend profile set out below:												
	2021/22	2022/23	Total										
	£0.4m	£0.6m	£1.0m										
Project Timeline	<table><tr><td>Milestone</td><td>Indicative date</td></tr><tr><td>No Use Empty South Essex 'expansion' launch</td><td>June 2021</td></tr><tr><td>Groundwork and site identification</td><td>Ongoing to March 2023 or until loan fund fully allocated</td></tr><tr><td>Assessment of applications</td><td>Ongoing to March 2023 or until loan fund fully allocated</td></tr><tr><td>Recovery of loans in line with contractual agreements</td><td>To March 2026</td></tr></table>			Milestone	Indicative date	No Use Empty South Essex 'expansion' launch	June 2021	Groundwork and site identification	Ongoing to March 2023 or until loan fund fully allocated	Assessment of applications	Ongoing to March 2023 or until loan fund fully allocated	Recovery of loans in line with contractual agreements	To March 2026
Milestone	Indicative date												
No Use Empty South Essex 'expansion' launch	June 2021												
Groundwork and site identification	Ongoing to March 2023 or until loan fund fully allocated												
Assessment of applications	Ongoing to March 2023 or until loan fund fully allocated												
Recovery of loans in line with contractual agreements	To March 2026												
Repayment schedule	The GPF loan will be repaid in accordance with the repayment schedule below:												
	2024/25	2025/26	Total										
	£0.4m	£0.6m	£1.0m										
	The GPF funding will be repaid by Southend-on-Sea Borough Council following repayment of the short-term loans issued to property owners. Whilst the loan recipients have not yet been identified, the project will mirror the Kent County Council No Use Empty programme which has been operating for 15 years and which has an excellent repayment track record. It is intended that												

	the project will use Kent's established management processes and systems and therefore the repayment risk is considered to be low.
Outcome of ITE Review	<p>The project has been assessed as offering High value for money with High certainty of achieving this.</p> <p>For additional information, please refer to the Report of the Independent Technical Evaluator (as attached to agenda item 5).</p>
Evidenced compliance with Assurance Framework?	Yes, the project does meet the requirements of the SELEP Assurance Framework.
Link to project page on the website, Business Case and link to prioritisation decision by Strategic Board	<p>Project page: https://www.southeastlep.com/project/no-use-empty-south-essex-extension/</p> <p>Project Business Case: https://www.southeastlep.com/app/uploads/2020/10/NUE-South-Essex-GPF-Business-Case.pdf</p> <p>Prioritisation decisions by Strategic Board: https://www.southeastlep.com/meetings/strategic-board-12th-june-2020/</p> <p>https://www.southeastlep.com/meetings/strategic-board-11th-december-2020/</p>

Appendix D – GPF Project Background Information

Name of Project	<p>Herne Relief Road – Bullockstone Road Improvement Scheme</p> <p>Bullockstone Road, Herne Bay, Kent</p> <p>Kent County Council</p>
Growing Places Fund allocation	£3,500,000
Description of what Project delivers	<p>The proposed Herne Relief Road is formed of two sections: the Bullockstone Road Improvement Scheme and a spine road through the proposed Lower Herne Village at Strode Farm. The GPF funding will support the delivery of the Bullockstone Road Improvement Scheme.</p> <p>The improvements to Bullockstone Road include:</p> <ul style="list-style-type: none"> • Widening the carriageway to 7m; • Improving the alignment of Bullockstone Road, in particular taking out a blind bend; • Providing a 2m wide footway/cycleway for the full length of the scheme; • Allowing for future bus provision and improving access to existing bus services; • Constructing roundabouts at the A291 Canterbury Road junction and the access into Lower Herne Village; • Providing a positive drainage system to alleviate existing surface water flooding that is experienced by Bullockstone Road residents; • Improving visibility for residents accessing/egressing their properties.
Need for intervention	<p>The A291 which passes through the centre of the village of Herne is a key corridor in the area, providing access between the A299 and the A28 and thus further afield. The strategic importance of the A291 results in this route and Herne village being subject to large volumes of traffic.</p> <p>There is significant political and local pressure to ease this large volume of traffic utilising the A291 through the centre of Herne.</p> <p>The main concern in relation to the traffic through the village is the significant proportion of larger vehicles using this constrained route (approx. 17.3% of average daily traffic is made up of buses, LGVs and HGVs). Larger vehicles are particularly challenging given that the historic centre of the village is very narrow with buildings frequently damaged due to their proximity to the carriageway and</p>

	<p>vehicle crashes occurring due to the unsuitable layout of the road. In addition, the frequency and volume of larger vehicles through the village pose significant walking and cycling access and safety issues for those wishing to travel to and from the village. Residents have noted that they do not feel safe walking alongside the road or crossing the road.</p> <p>The village is an AQMA which is on the verge of breaching the UK's air quality objective for annual mean Nitrogen Dioxide limits (40µg/m3). The 2018 recorded annual mean was 39.9µg/m3. It is expected that the 2019 results will exceed this due to the increased levels of traffic travelling through Herne. The AQMA mitigation plan relies heavily on the Herne Relief Road being constructed.</p> <p>Bullockstone Road is currently a constrained, weight restricted, narrow single carriageway route which does not provide a safe and suitable route for all users. Delivery of the Bullockstone Road Improvement Scheme, in conjunction with the spine road through the proposed Lower Herne Village at Strode Farm, will provide an alternative route for traffic to use which avoids the centre of Herne village, whilst also enabling continued delivery of the nearby housing developments.</p>						
Project benefits	<p>The project will:</p> <ul style="list-style-type: none">• Reduce congestion and traffic volumes in Herne village;• Improve air quality in Herne village as a result of reducing traffic volumes;• Provide infrastructure which supports the construction of around 2,500 new homes and other facilities including commercial and retail space, community space, sports hub and a new primary school;• Provide walking and cycling routes and easier access to bus routes and schools; <p>The GPF investment in the project will allow the Bullockstone Road Improvement Scheme to be delivered in one phase, prior to the construction of the new homes, rather than in multiple phases as the relevant developer contributions become available. This will allow accelerated realisation of the above benefits and will minimise disruption caused in Herne village as a result of the closure of Bullockstone Road whilst the works are completed.</p>						
Project risks	<p>The identified project risks are:</p> <table><tr><th>Risk</th><th>Mitigation measures</th><th>Impact</th></tr><tr><td>Hillborough site does not receive planning permission</td><td>Close liaison with Canterbury City</td><td>Scope of project will need to be reduced</td></tr></table>	Risk	Mitigation measures	Impact	Hillborough site does not receive planning permission	Close liaison with Canterbury City	Scope of project will need to be reduced
Risk	Mitigation measures	Impact					
Hillborough site does not receive planning permission	Close liaison with Canterbury City	Scope of project will need to be reduced					

	or permission is significantly delayed	Council on progress of planning appeal.	or further funding sources sought.										
	Scheme costs exceed budget	Designer to review design for cost savings	Descoping or value engineering will need to be pursued										
	Unexpected site conditions	Extensive investigations during outline design to determine conditions on site	Additional funding may be required, or value engineering will be required										
	Development site at Lower Herne Village does not progress	Permission given and discussions ongoing with house builders	Scope of project will need to be reduced or further funding sources sought.										
	Kent County Council unable to borrow internally	Discussions to start early to ensure loan can be included in the future budget	Construction will not be able to be completed in full until developer funding is received										
Financial Information	<p>The total capital cost of the project is £8,976,000</p> <p>Construction of the scheme will be funded through the following capital funding sources:</p> <p>S106 contribution from Herne Bay Golf Club - £3,111,200 (committed)</p> <p>Growing Places Fund - £3,500,000 (subject to Board approval)</p> <p>Kent County Council borrowing - £2,364,800 (not yet secured)</p> <p>The Growing Places Fund and Kent County Council borrowing will be repaid through receipt of S106 contributions in relation to the Lower Herne Village and Hillborough developments, meaning that ultimately the project will be fully funded through developer contributions.</p>												
GPF spend profile	The GPF allocation will be spent in full during 2021/22.												
Project Timeline	<table><tr><td>Milestone</td><td>Indicative date</td></tr><tr><td>Submission of a revised planning application to reflect changes to design as a result of the consultation process</td><td>November 2020</td></tr><tr><td>Decision on revised planning application</td><td>By 31st March 2021</td></tr><tr><td>Construction commences onsite</td><td>Spring 2022</td></tr><tr><td>Construction complete</td><td>Autumn 2023</td></tr></table>			Milestone	Indicative date	Submission of a revised planning application to reflect changes to design as a result of the consultation process	November 2020	Decision on revised planning application	By 31 st March 2021	Construction commences onsite	Spring 2022	Construction complete	Autumn 2023
Milestone	Indicative date												
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Decision on revised planning application	By 31 st March 2021												
Construction commences onsite	Spring 2022												
Construction complete	Autumn 2023												

Repayment schedule	<p>Tranche 1 (£2.1m) will be repaid in full in 2025/26 upon receipt of developer contributions.</p> <p>It is expected that Tranche 2 (£1.4m), if released, will also be repaid in full in 2025/26 upon receipt of developer contributions. This repayment schedule will be confirmed if and when the conditions for the release of Tranche 2 have been met.</p>
Outcome of ITE Review	<p>The project has been assessed as offering High value for money with Low/Medium certainty of achieving this.</p> <p>For additional information, please refer to the Report of the Independent Technical Evaluator (as attached to agenda item 5).</p>
Evidenced compliance with Assurance Framework?	<p>Yes, the project does meet the requirements of the SELEP Assurance Framework.</p>
Link to project page on the website, Business Case and link to prioritisation decision by Strategic Board	<p>Project page: https://www.southeastlep.com/project/herne-relief-road-bullockstone-road-improvement-scheme/</p> <p>Project Business Case: https://www.southeastlep.com/app/uploads/2020/10/Herne-Relief-Road-GPF-Business-Case.pdf</p> <p>Prioritisation decision by Strategic Board: https://www.southeastlep.com/meetings/strategic-board-12th-june-2020/</p>

Report title: M11 J8 project – LGF funding decision	
Report to: Accountability Board	
Report author: Howard Davies, SELEP Capital Programme Officer	
Meeting date: 12 March 2021	For: Decision
Enquiries to: howard.davies@southeastlep.com	
SELEP Partner Authority affected: Essex	

1. Purpose of report

- 1.1. The purpose of this report is to provide an update to the Accountability Board (the Board) on the delivery of the M11 Junction 8 project (the Project).
- 1.2. The report also sets out the outcome of the updated value for money assessment for the Project Business Case and asks the Board to consider the award of a further £1m LGF to the Project.
- 1.3. The Board have previously been made aware of cost increases that have been incurred as a result of Covid-19 by the Project. As such, SELEP Strategic Board has prioritised the Project for the award of a further £1 million LGF.

2. Recommendations

- 2.1. The Board is asked to:
 - 2.1.1. **Agree** the award of an additional **£1 million** Local Growth Fund (LGF) to the Project which has been assessed as presenting high value for money and high certainty of being achieved; and
 - 2.1.2. **Note** that Essex County Council has now provided confirmation through the S.151 Officer that the full funding package is in place for the Project.

3. Background Information

- 3.1. The Project was previously awarded £2.734m of LGF in November 2017 and has been rated as a high risk project due to pressures on costs and an identified funding gap.
- 3.2. The Board received an update on the Project at the November 2020 Board meeting and it was agreed that the LGF allocation for the Project should remain in place, pending further assurances on the Value for Money assessment of the Project given costs have increased and confirmation that the funding gap had been closed.

- 3.3. The project costs were expected to be £9.056m when the Project was originally assessed by the Board in November 2017, this has now risen to £15.086m as set out in Table 1, below.
- 3.4. Essex County Council provided assurances to the February 2021 meeting that a full funding package was put into place pending final approval at Full Council on 23 February 2021. This approval has now been confirmed.
- 3.5. The Project requested additional funding from the LGF Covid-19 Fund and was prioritised by Strategic Board in December 2020 for an award of £1 million. A revised business case has been submitted for assessment based on the revised costings of the Project.
- 3.6. Detailed design work has been completed and costs reassessed following the previous tender in 2020. The current project costs are projected to be £15.086m. The previous tender carried out in late Spring of 2020 resulted in a higher than expected tender return costs.
- 3.7. As agreement is almost in place with Highways England the scheme promoter has issued all of the tender documents to ECC procurement and the Invitation To Tender (ITT) was advertised on the 22 February 2021 to enable contractors to tender on the Eastern Alliance Framework 3. This is shown in the revised programme in Table 2.

4. Project Overview, Outcomes and costs

- 4.1. The Project is a key junction for access to Stansted Airport, Bishop Stortford to the West and the A120 for access to Braintree and Colchester in the East. The junction is already operating at capacity and experiences significant queuing during peak periods.
- 4.2. The Project includes three schemes involving changes to the M11 Junction 8 in order to improve the traffic flows across and through the junction. More detail on the three elements can be seen in Appendix B.
- 4.3. Stansted Airport is growing at an unprecedented rate of 2 million passengers per annum. The current capacity of the junction is unable to accommodate this scale of growth. There is also a substantial amount of residential and commercial development planned in locations dependent upon access to the strategic road network via the Project.
- 4.4. Subject to confirmation of additional LGF being allocated to the Project the revised spend profile and funding split is set out in Table 1.

Table 1 – Spend Profile

Funding Source	Application in year in £000s				
	up to 2020/21	2021/22	2022/23	2023/24	Total
Local Growth Fund	2,289	445			2,734
Additional LGF (subject to approval by this Board)		1,000			1,000
National Productivity Investment Fund (NPIF)	138	3,949			4,087
Essex County Council (ECC)	869	450	4,927		6,246
Manchester Airport Group (MAG)		1,019			1,019
Totals	3,296	6,863	4,927	0	15,086

- 4.5. An updated programme has been provided and is shown in Table 2. This shows the re-tender process commencing in February 2021. This is in line with the confirmation from the S.151 Officer of Essex County Council Full Council confirming the approval of an increased budget allowance to the Project. It also shows the LGF additional funding application. The programme shows the timeline for all three elements of the project.
- 4.6. The project received approval for spend beyond the Growth Deal period at the Strategic Board meeting in December 2020 and at the Accountability Board meeting in February 2021.

Table 2 – Current Programme

Current Programme for the three elements of construction	
Location One - Northbound Slip	
Project Milestones	Indicative Date
Preliminary Design	Completed
Detailed Design	January 2021
Tender	February to June 2021
Start Construction	July 2021
End Construction	October 2021
Location Two - Staggered Signalised Junction	
Project Milestones	Indicative Date
Preliminary Design	Completed
Detailed Design	January 2021
Tender	February to June 2021
Start Construction	November 2021
End Construction	March 2023
Location Three - Southbound Slip	
Project Milestones	Indicative Date
Preliminary Design	Completed
Detailed Design	January 2021
Tender	February to June 2021
Start Construction	July 2021
End Construction	November 2021
Note: all dates are subject to Highways England agreement	

5. Project Risks

- 5.1. An extract of the risk register for the Project can be found at Appendix B. The two highest ranked risks are associated with the discovery of undetected utilities and capacity within Essex County Council to deliver the programme in full.
- 5.2. The Essex Highways team intends to undertake early surveys with trial holes to mitigate the risks of undetected utilities and Essex County Council is working to mitigate the risks around capacity by allocating resources and identifying potential contingency support.

6. Project Compliance with SELEP Assurance Framework

- 6.1. The scheme promoter was asked to supply an updated business case as part of the evidence base for an its application for additional LGF. Project costs have increased quite substantially since the original approval of LGF toward the project in 2017. However, the revised business case showed that the value for money indicators were still good and that the benefit cost ratio (BCR) remained above the 2:1 level.
- 6.2. Table 3 considers the assessment of the updated Business Case against the requirements of the SELEP Assurance Framework. The assessment confirms the compliance of the Project with SELEP's assurance Framework.

Table 3 – Assessment of the Project against the requirements of the SELEP's Assurance Framework

Requirement of the Assurance Framework to approve the Project	Compliance (RAG Rating)	Evidence in the Business Case
A clear rationale for the interventions linked with the strategic objectives identified in the Strategic Economic Plan	Green	A compelling strategic case has been developed presenting a clear rationale for making an investment in a scheme which is well aligned with local, regional and national policy objectives.
Clearly defined outputs and anticipated outcomes, with clear additionality, ensuring that factors such as displacement and deadweight have been taken into account	Green	The Business Case clearly sets out the expected outputs and outcomes of the project. Assumptions are based on evaluation of benchmark evidence for business development and competitiveness.
Considers deliverability and risks appropriately, along with appropriate mitigating action (the costs of which must be clearly understood)	Green	A risk register sets out a clear path for mitigation of actual and potential risks
A Benefit Cost Ratio of at least 2:1 or comply with one of the two Value for Money exemptions	Green	The original business case showed a BCR of 3.3:1. Following the increase in costs the BCR is now shown as 2.5:1 and this updated assessment shows a high value for money categorisation with a high certainty of achieving this

7. Financial Implications (Accountable Body comments)

- 7.1. The full LGF funding allocation for 2020/21 has been received by the Accountable Body from the Ministry of Housing, Communities, & Local Government (MHCLG).
- 7.2. In December 2020, SELEP Ltd agreed a new pipeline of LGF projects. Based on the £6.7m unallocated at the time of the meeting, 10 projects were prioritised to receive additional LGF, to support cost increases or reduced local funding contributions due the impact of Covid-19. The Project seeking approval of LGF in this report was included on this agreed pipeline.

- 7.3. Essex County Council, as the Accountable Body, is responsible for ensuring that the LGF funding is utilised in accordance with the conditions set out by Government for use of the Grant.
- 7.4. All LGF is transferred to the Project Lead Authorities, under the terms of a Funding Agreement or SLA which includes the circumstances under which funding may have to be repaid should it not be utilised in line with the conditions of the grant or in accordance with the Decisions of the Board.
- 7.5. If the Board approves the additional award of LGF to be allocated to the Project, a variation to the existing Funding Agreement will be required. On completion of the variation agreement, the transfer of LGF to the Project at Financial Year end, will be made to Essex County Council as Lead Authority as a capital grant transfer.

8. Legal Implications (Accountable Body comments)

- 8.1. The allocation will be released to Essex County Council as partner authority in accordance with the terms and conditions of the Service Level Agreement for the Local Growth Fund already in place.

9. Equality and Diversity Implications

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

10. List of Appendices

- 10.1. Appendix A – Report of the Independent Technical Evaluator (attached to item 5)
- 10.2. Appendix B – Project Information

11. List of Background Papers

11.1. Business case for the Project can be found by clicking [here](#).

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

Role	Date
Accountable Body sign off Peter Shakespear (on behalf of Nicole Wood, S151 Officer, Essex County Council)	03/03/2021

Appendix B – LGF Project Background Information

Name of Project – M11 J8, Essex County Council
Local Growth Fund value - £2.734m, application for additional £1m subject to Board approval
<p>Project Description</p> <p>The M11 Junction 8 is a key junction for access to Stansted Airport, Bishop Stortford to the West and the A120 for access to Braintree and Colchester in the East. The junction is already operating at capacity and experiences significant queuing during peak periods</p> <p>Stansted Airport is growing at an unprecedented rate of 2 million passengers per annum. The current capacity of the junction is unable to accommodate this scale of growth.</p> <p>There is also a substantial amount of residential and commercial development planned in locations dependent upon access to the strategic road network via M11 Junction 8.</p> <p>The Project is situated within the London – Stansted- Cambridge Corridor area which already has a population of 2.7million, but which is forecast to increase by 20% by 2032. The wider region has 5.4m residents.</p> <p>There are a number of planned developments in the area, including in Bishop's Stortford, where there is a commitment to deliver 2,300 homes which will add to this congestion. Local Plans for East Hertfordshire and Uttlesford are also being progressed, and this junction is an integral part of the infrastructure need to ensure that these Local Plans are sound.</p> <p>The primary aim of the Project is to improve traffic flow through and around the junction, to accommodate the scale of planned growth.</p> <p>The Project consists of measures at three locations to improve access to Stansted Airport, the Services area and between the M11 and the A120. The three locations include:</p> <ul style="list-style-type: none"> ▪ Location 1: South-West of M11 Junction 8 <ul style="list-style-type: none"> ○ Adds an additional inside approach lane from the M11 Junction 8 northbound exit slip onto the A120, with dedicated access into Birchanger Green Services ○ Installs upgraded traffic signals elevated on mast arm gantries • Location 2: West of M11 Junction 8 <ul style="list-style-type: none"> ○ Replace the existing A120/A1250 Birchanger roundabout with a staggered signalised junction ○ Widen the A120 eastbound and westbound to three lanes on the approach to the new junction with the A1250, introducing a dedicated lane for A1250 traffic, and a new right turn lane for traffic for Birchanger Lane ○ Realign Birchanger Lane at the new A120 junction within the highway boundary

- Install toucan crossings (shared pedestrian and cycle crossing) to connect both sides of the A120, with a new footway extending to Birchanger Village and provision of on and off ramps to the on-road cycleway
- Realign the bus laybys on A1250 Dunmow Road with an uncontrolled pedestrian crossing
- Create a spur link off Birchanger Lane for direct access to Bishop's Stortford / A120 (West) for buses / taxis / ambulances
- Reduce the speed on the A120 to 50mph through the scheme area.
- **Location 3: North-east of M11 Junction 8**
 - Add an additional outside approach lane on the M11 Southbound slip road to separate traffic to London Stansted Airport, A120, Takeley, the services, and Bishops Stortford
 - Install upgraded traffic signals that will be elevated on mast arm gantries with overhead signage

Project Benefits

- Journey time improvements;
- Assist Stansted airport expansion plans
- Help to unlock jobs
- Help to unlock new housing development
- Help to deliver the Local Plan

Including, contributing to:

- Delivering committed housing growth, including planned development at Bishop's Stortford (2,300 homes), Uttlesford District (3,400 homes) and Harlow (16,000 homes), along with the potential for a further 4,000 homes around Bishop's Stortford;
- Unlocking 2,400 new jobs in the surrounding area, including Stansted Airport, through mitigating the impact of planned growth;
- Improving air quality; and
- Incentivising skills and apprenticeship opportunities, such as at Stansted Airport and through project delivery by Ringway Jacobs.

Project Risks

Type	Description	Respons- ibility	Mitigation / Proposed Resolution	Prob- ability	Impact
Design	Design and construction scope changes	Essex Highways / ECC	Clear communication and early confirmation of scope	Low	Medium
Highways England	Disagreement with Highways England on design and implementation of slips	Essex Highways	Undertake early consultations with representatives of HE. Continue to work with them throughout implementation of scheme	Low	Low
Utilities	Discovery of undetected utilities during construction	Essex Highways	Undertake early surveys with trial holes	Medium	Medium
Ground Conditions	Unforeseen soft spots and voids requiring redesign	Essex Highways	Undertake early surveys with trial holes	Low	Medium
Traffic Management	Potentially complex and costly with approvals required	Essex Highways	Consult early and work closely with Network Management	Low	Medium
Tender Prices	Tender prices at variance with estimates and client budget	Essex Highways	Obtain early estimates, compare with other recent information and work with suppliers	Low	Medium
Costs	Construction costs escalation	Essex Highways	Monitor regularly and develop alternative actions as necessary	Low	Medium
Stats Costs	C3 Prices at variance with estimates	Essex Highways	Timely requests, utility mapping and trial holes	Low	Medium
Approvals	Time consuming processes with legal and cost implications	Essex Highways	Commence approval process early	Low	Low
Weather	Adverse conditions could jeopardize programme timing	Essex Highways	Plan programme taking account of likely weather conditions and provide programme float	Low	Low
Project	Lack of capacity to deliver the programme in full	ECC	Ensure resources are allocated and identify potential contingency support	Medium	Medium

Financial Information

Set out in the main report

Project Timeline

Set out in the main report

Link to Project webpage

<https://www.southeastlepp.com/project/m11-junction-8-improvements/>

Report title: Queensway Gateway Road Project Update	
Report to: Accountability Board	
Report author: Richard Dawson, Head of Service - Economic Development, Skills and Infrastructure, East Sussex County Council and Helen Dyer, SELEP Capital Programme Officer	
Meeting date: 12 th March 2021	For: Decision
Enquiries to: Helen Dyer, Helen.dyer@southeastlep.com	
SELEP Partner Authority affected: East Sussex	
Confidential Appendices This report has a confidential appendix which is not for publication as it includes exempt information falling within paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972, as amended.	

1. Purpose of report

- 1.1. The purpose of this report is for the Accountability Board (the Board) to receive a further update on the delivery of the Queensway Gateway Road project (the Project).
- 1.2. The updates set out the current position in relation to the land acquisition issues which are impacting on the delivery of the final section of the new road and which represent a significant risk to delivery.
- 1.3. The Board has been provided with regular updates on the Project whilst work continues to address the ongoing land acquisition delays. Once the programme for the delivery of the permanent solution 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
 - 2.1.2. **Agree** that an update will be provided to Strategic Board in June 2021 to make them aware of the issues faced by the Project; and
 - 2.1.3. **Agree** that the Board will be provided with a further update on the Project, which sets out a clear delivery plan and associated milestones, at its meeting on 10th September 2021.

3. Background

- 3.1. The Project will deliver a single carriageway road link between A21 Sedlescombe Road North and Queensway. 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. Further information regarding the Project can be found in Appendix A - LGF Project Background Information. The Project has an LGF award of £10m.
- 3.2. The original Project Business Case set out the intention to complete the Project by November 2016. Delivery of the Project has been slower than anticipated due to the delays in acquiring the land required to complete the entire route, with Project completion now expected in January 2022 at the earliest.
- 3.3. In light of the delays encountered with the required acquisition of the land for the final section of the road, a temporary connection to the A21 is being progressed which will enable vehicles to use the road for access to the A21 as an interim solution until the permanent connection can be delivered.
- 3.4. The interim solution is expected to be in place for up to 24 months and will be funded by Sea Change Sussex (SCS), as scheme promoter.
- 3.5. This report provides an update on the delivery of both the temporary connection and the permanent road link.

4. Delivery of the temporary connection with the A21

- 4.1. SCS is currently working with Hastings Borough Council, East Sussex County Council (ESCC) and Highways England (HE) to progress the necessary approvals for the temporary connection between the completed section of the Queensway Gateway Road (QGR) and the A21.
- 4.2. Transport consultants working on behalf of SCS have undertaken further transport modelling work for the temporary connection with the A21 and presented this on 10th February 2021 to HE for consideration. The designs are currently being considered by HE before SCS are able to seek remaining approvals from ESCC and HE.
- 4.3. A S278 agreement will be required between SCS and ESCC and a S6 agreement will be required between SCS, ESCC and HE. Subject to the design being approved by ESCC and HE, these agreements will be prepared from April and look to be concluded by end of June 2021.
- 4.4. The final section of road which forms part of the temporary traffic solution involves the installation of traffic lights at the junction between the A21 and Junction Road, securing a temporary Traffic Regulation Order (TRO) and a stopping-up order for the section of road between Junction Road and The Ridge.

Queensway Gateway Road Project Update

- 4.5. The opening of the temporary link is also contingent upon SCS providing a proposal for implementing a traffic management scheme for the junction of Maplehurst Road and the Ridge. This will also be done through a temporary TRO. SCS are progressing the necessary temporary TROs with ESCC at present.
- 4.6. SCS has appointed a contractor to deliver the temporary connection with the A21. It is anticipated that, subject to the necessary approvals and legal agreements being in place, the works on the temporary connection will take four weeks to complete. The timing of the works will also be dependent upon booking the necessary road space with HE for the works on the A21.
- 4.7. It is now expected that the temporary connection, subject to HE and ESCC's approval, will be delivered and fully open to traffic by August 2021.
- 4.8. Completion of the temporary connection will allow traffic to use the road as a through route, thereby reducing the volume of traffic currently using the Ridge and helping to address local congestion issues.

5. Delivery of the permanent connection with the A21

- 5.1. Work on the next phase of the permanent solution was completed in January 2021. These works now provide access to the remaining businesses which have a frontage on QGR and delivers the permanent road to the boundary of the properties which are still to be acquired.
- 5.2. The final section of the permanent connection principally involves the creation of a roundabout junction with the A21. As a consequence of the temporary connection, these works can effectively be progressed offline, thereby having minimal impact on the existing road network during the construction programme. The delivery of the permanent connection will ensure that the required infrastructure is in place to allow the employment sites to be brought forward for development, whilst also permanently addressing congestion issues in the area. However, the completion of the permanent solution requires the acquisition of third-party land.

Update on the land acquisition negotiations

- 5.3. In order to allow the final section of the permanent connection to progress it is essential that the required land acquisitions are completed.
- 5.4. ESCC have clearly indicated to SCS that their preference is for SCS to continue to pursue acquiring the necessary land for the permanent connection by negotiation. However, if it becomes clear that all efforts to secure the necessary land through negotiation have been exhausted, then the County Council will, as a last resort, consider the Compulsory Purchase Order (CPO) of this land. A detailed update on the land negotiations is set out in confidential appendix B.

Timescales

Queensway Gateway Road Project Update

- 5.5. At this stage it is not possible to give a definite timeline for the completion of the final phase of the permanent solution as it is dependent upon the outcome of the ongoing land acquisition negotiations.
- 5.6. The best-case scenario can be achieved if SCS are able to secure the necessary land through negotiations from all of the relevant landowners. If this can be achieved, then SCS have indicated that the construction works to complete the permanent connection would commence in summer 2021. Based on this best-case scenario, the Project could complete in January 2022. However, if the land cannot be secured through negotiation, and a CPO process is deemed necessary, then the construction start and completion could be delayed by anywhere between 6 and 18 months.
- 5.7. If it is not possible to deliver the final section of the permanent connection, which will enable the full realisation of the benefits set out within the Project Business Case, steps may be taken by the Board and Accountable Body to recover the £10m LGF allocation to the Project from East Sussex County Council under the terms of the Grant Agreement that the Council has in place with the Accountable Body.

6. Project budget

- 6.1. The Project was considered by the Strategic Board in March 2015, and the award of £15m LGF funding was approved. Subsequent to this decision, ESCC identified a need to amend their LGF allocations to a number of their projects to facilitate successful delivery. This was achieved by reallocating funding between the projects. As a result, the LGF allocation to the Project was reduced to £10m.
- 6.2. The funding package available to enable delivery of the Project totals £12m. In addition to the £10m LGF allocation, SCS are contributing £2m towards Project delivery. This contribution is fully committed by SCS and the funding has been ring-fenced for the sole purpose of delivering the Project within their accounts.
- 6.3. Spend on the Project which has been defrayed by February 2021 totals £9.63m and has been fully funded through the £10m LGF allocation.
- 6.4. In recent months the construction industry has been impacted by the COVID-19 pandemic and the associated lockdown and social distancing measures introduced by Government. At this stage, the full impacts of the COVID-19 pandemic on the construction industry are still unknown, however, a number of potential impacts have been identified including availability of materials and extended delivery programmes, which have the potential to increase project costs.
- 6.5. Despite the potential impacts of the COVID-19 pandemic on the construction industry and the delays encountered in delivering the Project, SCS 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 next phase of the permanent connection and the remainder of the temporary solution, professional and management fees for the completion of the Project and CPO indemnity costs including land

Queensway Gateway Road Project Update

compensation payments. Assurances have been provided that, after consideration of these identified costs, sufficient funding remains within the funding package to deliver the final phase of the permanent connection.

6.6. If any cost increases are identified over the £12m budget currently available, these costs will be met by SCS.

6.7. The updated Project spend profile is set out in Table 1 below.

Table 1: Queensway Gateway Road spend profile

Queensway Gateway Road	Spend to end of	Forecast spend in	Forecast spend in	Total
Forecast Project Spend	FY 2019-20	FY 2020-21	FY 2021-22	
	£	£	£	£
SELEP LGF Grant	9,496,372	503,628	0	10,000,000
Sea Change Sussex*	0	352,588	1,647,412	2,000,000
Total	9,496,372	856,216	1,647,412	12,000,000

*Includes funds applied to temporary connection

7. Next steps

7.1. The next steps, in terms of Project delivery, are:

- 7.1.1. to continue progressing the land acquisition negotiations, which would facilitate acquisition of the remaining properties on the route allowing works to complete on the permanent connection;
- 7.1.2. to commence work on the final phase of the temporary connection to the A21. Completion of these works will allow traffic to use the road as a through route whilst work continues to progress the final section of the permanent connection;

7.2. As the Project continues to be subject to a significant deliverability risk, the Strategic Board will receive an update on the delivery of the Project in June 2021. This update will outline

Queensway Gateway Road Project Update

the issues faced by the Project and the anticipated timetable for their resolution and Project completion.

- 7.3. The next update report will be provided at the 10th September 2021 Board meeting following ESCC's decision regarding the use of a CPO. This update report will include an update on the delivery of temporary and permanent connections, a clear delivery plan and associated milestones for the completion of the permanent connection and an update on the outputs/outcomes stated in the original Business Case. It is expected that the update will include consideration of progress on the required land acquisitions, the delivery programme and the Project budget.
- 7.4. As part of the capital programme report to the Board in July 2021, an update will be provided on the delivery of the temporary solution and the latest progress towards the completion of the permanent solution.
- 7.5. 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.

8. Financial Implications (Accountable Body Comments)

- 8.1. There continue to be a number of challenges to the completion of this Project, albeit that the majority of the LGF has been spent to date; this presents risks on assuring delivery of the expected outcomes, especially given the lack of certainty on the timelines for completion of the permanent solution and that further approvals are also still required for the temporary solution, which has meant slippage of delivery timescales in that respect as well.
- 8.2. Since the update provided to the Board in November 2020, it is noted that the timeline to complete the temporary solution has slipped by approximately 6 months due to the need to implement the respective agreements and Traffic Regulation Orders. It is also noted that the timescale for operating the interim solution may now need to be for as long as 24 months (extending to August 2023, based on the timelines set out above).
- 8.3. A key risk remains the lack of clear timescales with which to conclude the purchase of the land required to complete the permanent solution. It is indicated above that the decision on the preferred purchasing route, is expected to be provided at the September 2021 Board meeting; under the best-case scenario, the Project could complete by January 2022, extending by up to a further 12 months if a CPO is needed.
- 8.4. There is no indication in this update report that the protracted timescales have increased the cost risk for the programme, which may consequentially impact the value for money assessment. However, assurance is provided by ESCC that, in the event that costs exceed the total budget, SCS will meet any additional costs arising.
- 8.5. The Board are advised to seek assurances from East Sussex County Council that any risks to meeting the revised timeline set out are being effectively managed, given the significant delays already associated with securing the land to complete this Project. They are also advised to seek an understanding of the timelines for any outstanding approvals and dependencies that will be required to enable completion of both solutions.

Queensway Gateway Road Project Update

- 8.6. Should it not be possible to deliver the final section of the permanent connection, which will enable the full realisation of the benefits set out within the Project Business Case, there is a risk that the Project may no longer meet the conditions of the Funding Agreement. In these circumstances, the Board may consider recovering some, or all, of the £10m LGF allocated to the Project.
- 8.7. All LGF was transferred to ESCC under the terms of a Funding Agreement or SLA which makes clear the circumstances under which funding may have to be repaid should it not be utilised in line with the conditions of the grant or in accordance with the decisions of the Board.
- 8.8. It is noted that the remaining LGF allocated to the Project is intended to be spent in 2020/21, with the remaining costs of the Project to be met by SCS. However, the challenges to completing this Project incurred to date, means that progress should continue to be monitored by the Board.

9. Legal Implications (Accountable Body Comments)

- 9.1. There are no legal implications associated with this report.

10. Equality and Diversity implications (Accountable Body Comments)

- 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 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.

11. List of Appendices


- 11.1. Appendix A - LGF Project Background Information
- 11.2. Appendix B – Confidential information

Queensway Gateway Road Project Update

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

Role	Date
Accountable Body sign off Peter Shakespear (On behalf of Nicole Wood, S151 Officer, Essex County Council)	04/03/21

Appendix A – LGF Project Background Information

Name of Project	Queensway Gateway Road, Hastings East Sussex County Council
Local Growth Fund (LGF) allocation	£10,000,000
Description of what Project delivers	<p>The Queensway Gateway Road scheme comprises a single carriageway road link between A21 Sedlescombe Road North and Queensway. The road will connect with Queensway running south of its junction with the Ridge West, crossing the Hollington Stream valley on an embankment and then running south of Whitworth Road to join the A21 at a new junction north of the existing Sainsbury's store, as shown below. The road will include roundabout junctions at either end and a roundabout junction with Whitworth Road facilitating access to employment sites to the north and south.</p>  <p>The road will connect the Combe Valley Way (formerly known as the Bexhill Hastings Link Road) via Queensway to the A21, redistributing traffic from Combe Valley Way and The Ridge heading towards the A21. The opening of the Combe Valley Way changed the balance of traffic movements in the Hastings and Bexhill area, and has resulted in increased traffic volumes along the Ridge and Queensway. By relieving congestion, the Queensway Gateway</p>

	<p>Road will improve strategic connectivity in the Bexhill Hastings Growth Corridor, improving employment development potential in Queensway and employment and housing growth potential in North Bexhill.</p> <p>The key objectives of the project are:</p> <ul style="list-style-type: none"> • to support the development and employment potential of the Bexhill Hastings Growth Corridor; • to improve strategic access between the A21 and Queensway/ Combe Valley Way and thereby strategic access to employment and housing sites in North Bexhill and Hastings; and • to alleviate congestion at junctions to the A21 enabling Combe Valley Way to perform to its full potential as a driver of economic growth.
Project benefits	<p>The Queensway Gateway Road provides access to designated employment development sites within the Bexhill Hastings Growth Corridor which would otherwise not be brought forward.</p> <p>The new road allows land to be released for employment development, as set out within Hastings Local Plan 2004 and Hastings Planning Strategy. Specifically, the road opens up the development potential of key sites south of The Ridge, with capacity for up to 12,000sqm of employment floorspace.</p> <p>It is expected that the Project will lead to the creation of 900 new jobs. In addition, the development of Queensway Gateway Road and Combe Valley Way are expected to directly contribute to the delivery of at least 60,000 sqm of new employment workspace and construction of 3,100 new homes in North Bexhill by 2028 as a result of improved connectivity.</p>
Project constraints	<p>The Project is being delivered in phases with the first phase having started early in 2017. In March 2019, the western section of road was completed (70% of the total length of the road) and was opened for access to local businesses only.</p> <p>The final section of the road, to connect the already completed sections with the A21, requires the purchase of remaining properties on the route. These acquisitions are under negotiation, however, there is currently no clear timeline as to when the acquisitions will be completed either through negotiation or potentially through a Compulsory Purchase Order. This issue has delayed the completion of the Project and is identified as a significant risk to delivery.</p>
Link to Project page on the website with full Business Case and links to any previous	<p>https://www.southeastlep.com/project/queensway-gateway-road/</p> <p>Funding decision (note: original LGF allocation to the project was £15m):</p> <p>https://www.southeastlep.com/app/uploads/2018/06/Minutes-SELEP-Board-20th-March-2015-V3.pdf</p>

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

Project changes:

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

Report title: Bexhill Enterprise Park North project update	
Report to: Accountability Board	
Report author: Helen Dyer, SELEP Capital Programme Officer	
Meeting date: 12 March 2021	For: Decision
Enquiries to: helen.dyer@southeastlep.com	
SELEP Partner Authority affected: East Sussex	

1. Purpose of report

- 1.1. To update Accountability Board (the Board) on the Bexhill Enterprise Park North Project (the Project) and to provide options for a course of action dependent on the outcome of the outstanding Planning decision.
- 1.2. In October 2019, the reserved matters application for Bexhill Enterprise Park North was refused by the local planning authority. Following this decision, an appeal was submitted to the Planning Inspectorate in December 2019. Due to delays encountered as a result of the COVID-19 pandemic, the planning appeal hearing was not held until January 2021. It is expected that the outcome of the planning appeal will be known in early March 2021.
- 1.3. Due to the significant deliverability risk faced by the Project, the Board have previously agreed that LGF spend on the project should be paused until the outcome of the planning appeal is known.

2. Recommendations

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

Option 1

- 2.1.1. If the outcome of the planning appeal is known at the time of the Board meeting and if the appeal was successful:

- 2.1.1.1. **Note** the update on the Project.

Option 2

- 2.1.2. If the outcome of the planning appeal is known at the time of the Board meeting and if the appeal was unsuccessful:

- 2.1.2.2. **Approve** the removal of the Project from the LGF programme; and

- 2.1.2.3. **Agree** that the full allocation of £1.94m LGF be reallocated, including the return of £440,000 as per the decision of the Board on 18 September 2020.

Option 3

- 2.1.3. If the outcome of the appeal is unknown at the time of the Board meeting:

- 2.1.3.4. **Approve** the transfer of the outstanding allocation of £1.5m as a ring-fenced grant with a condition that all funding for the Project (£1.94m) must be returned within 4 weeks of notice of an unsuccessful planning appeal or by 12 September 2021 if full consents are not in place by that date.

3. Background Information

- 3.1. The Project was identified by the Investment Panel as a priority through the LGF3b pipeline development process and was approved by the Board on 7th June 2019 for the award of £1.94m LGF.
- 3.2. In July 2019, East Sussex County Council requested the transfer of the initial £440,000 of the LGF allocation. In light of the deliverability issues encountered, East Sussex County Council continue to hold this funding.
- 3.3. Bexhill Enterprise Park North is a key element in the package of developments that have been designed as a direct response to the socio-economic challenges facing the Bexhill area.
- 3.4. The Project will deliver the site and servicing infrastructure required to access individual development plots within the business park from the North Bexhill Access Road. Delivery of this infrastructure will directly enable development on the site to proceed with the benefit of access, and will enable private sector investment.
- 3.5. The delivery of the enabling infrastructure will unlock the site and will allow delivery of the first light industrial units which are essential to address the local jobs deficit in the area. In the first instance 8,000sqm of light industrial (B1) space will be brought forward, with the potential for 8,000sqm of manufacturing (B2) space to follow.
- 3.6. The wider Bexhill Enterprise Park North site has the capacity to support 493 net FTE jobs when fully delivered. Modelling of the take-up and occupancy of new development at the site suggests that the delivery of the wider project has the potential to generate £341m of GVA towards the economy by 2038.
- 3.7. As a result of the refusal of the reserved matters application for the site, delivery of the Project has not yet commenced. However, Sea Change Sussex (as delivery partner) have progressed a number of workstreams whilst awaiting the outcome of the appeal. These workstreams include full design development, site clearance, site investigations and archaeological surveys. Through advance completion of these works, the delivery programme for the LGF funded enabling works has reduced from 9 months to 3 months,

allowing Project completion before 30 September 2021 assuming determination of the planning appeal by late April. Construction of the employment workspace is expected to commence in Autumn 2021. The updated Project delivery programme, assuming determination of the planning appeal in early March, is set out in Table 1 below.

Table 1: Updated delivery programme for Bexhill Enterprise Park North

Milestone	Indicative date
Planning Appeal hearing	19 th to 22 nd January 2021
Estimated date of Planning Appeal decision (allowing 6 weeks for determination)	5 th March 2021
Commencement of preliminary works contract	9 th March 2021
Letting of construction contract for road and infrastructure works	3 rd May 2021
Completion of enabling works – road and infrastructure works (3 month construction programme)	6 th August 2021
Commencement of employment workspace construction	Autumn 2021

4. Planning Issues

- 4.1. In October 2018, an application for approval of reserved matters following outline planning approval was submitted to Rother District Council. This application covered both the enabling works, due to be funded through the LGF, and the proposed employment workspace.
- 4.2. After a lengthy period of engagement and consultation, the application was considered by Rother District Council planning committee on 10 October 2019. The planning committee resolved to refuse the reserved matters application for a number of stated reasons including: unacceptable phasing of the development, lack of master-planning for the site, poor design, impact on landscape character, detrimental impact on existing protected trees and failure to mitigate impacts on biodiversity.
- 4.3. On 24 December 2019, an appeal was lodged with the Planning Inspectorate in respect of the refusal of the reserved matters application.
- 4.4. The hearing of the planning appeal was significantly delayed due to the impacts of the COVID-19 pandemic on the operations of the Planning Inspectorate, with the appeal eventually commencing on 19 January 2021. It is expected that the outcome of the appeal will be known in early March 2021.
- 4.5. If the planning appeal is refused, it will not be possible to bring forward development on the site in the short-term. There is potential for the development of a masterplan for the site, which could inform future planning applications and ensure compliance with the NE Bexhill Supplementary Planning Document. Rother District Council have previously offered to fund the development of a masterplan for the site and to work with Sea Change Sussex to bring this forward.

- 4.6. It is estimated that it would take a minimum of 4 months to develop the masterplan. Following the completion of the masterplan, it would be necessary for a new major planning application to be prepared, submitted and determined. This is expected to take a further 4 months. With a total estimated programme of 8 months to secure planning consent, this is not considered to be a viable option at this stage given the current proximity to the end of the Growth Deal period.

5. Potential Courses of Action

- 5.1. Should the outstanding appeal against the planning decision be successful, and the Board agree Option 1 as set out in the recommendations, the Project will continue and the remaining £1.5m will be transferred to East Sussex County Council before the end of the financial year.
- 5.2. If the outcome of the planning appeal is known by the date of the Board meeting, and if the appeal was unsuccessful, it is recommended that the Board agree Option 2 as set out in the recommendations. Without planning consent in place, the Project cannot advance; it is therefore recommended that the Project be removed from the programme and the LGF reallocated to the next project(s) on the LGF project pipeline. The strategic case for the Project is clear and there may be potential to bring forward the Project for funding if or when the planning issues are resolved and there is funding available.
- 5.3. In the short-term, the decision to remove the Project from the LGF programme will result in the loss of the outcomes set out within this report. However, Bexhill Enterprise Park North represents a key part of the package of developments designed to address socio-economic challenges faced by Bexhill and the surrounding area, and therefore it is expected that development of the site will go ahead in the medium term once the outstanding planning issues have been resolved, ensuring that the stated outcomes are realised.
- 5.4. In July 2019, East Sussex County Council sought drawdown of £440,000 of the LGF grant allocation and this was paid by the Accountable Body. It is understood that the funding hasn't been transferred to the delivery partner and is still being held by East Sussex County Council. Should the Board choose to remove the Project from the programme and reallocate the LGF it is recommended that East Sussex County Council be required to transfer the funding back to the Accountable Body. This requirement is in line with the terms and conditions of the SLA under which the funding was originally transferred.
- 5.5. The planning appeal is being considered by the Planning Inspectorate, who have indicated that they are experiencing significant delays due to the COVID-19 pandemic and whilst the outcome of the appeal is expected in early March 2021 there is a risk that this won't have been received in advance of the meeting on 12 March 2021. If this is the case it is recommended that the Board agree Option 3 as set out in the recommendations. Under this option the LGF allocation will remain with the Project and the outstanding balance will be transferred to East Sussex County Council by 31 March 2021. This is recommended on the basis that all LGF should be committed by 31 March 2021.

- 5.6. To mitigate the risks of transferring funding ahead of a final decision on planning, it is proposed that the funding be transferred as a ring-fenced grant that can only be applied to this Project with the following conditions:
- 5.6.1. That the full value of the allocation (£1.94m) is returned within four weeks of receiving confirmation that the planning appeal was unsuccessful; and
 - 5.6.2. That the full value of the allocation (£1.94m) is returned within four weeks (of 12 September 2021) if full consents are not in place by 12 September 2021.
- 5.7. Whilst it is expected that the outcome of the planning appeal will be known in March 2021, there remains an element of uncertainty due to the significant delays experienced by the Planning Inspectorate as a result of the COVID-19 pandemic. This uncertainty coupled with the need for timely investment of the LGF funding, has prompted the introduction of the second condition, as outlined at 5.6.2. If the outcome of the planning appeal remains unknown six months after the date of this Board meeting (12 September 2021), it is recommended that the Project be removed from the LGF programme and the funding be reallocated to an alternative project which is in a position to deliver, ensuring timely investment of the LGF funding.
- 5.8. A variation to the existing LGF SLA between Essex County Council (as SELEP Accountable Body), SELEP Ltd. and East Sussex County Council will be implemented to incorporate the conditions set out above.

6. Financial Implications (Accountable Body comments)

- 6.1. In considering the recommendations of this report, the Board is advised to assess the risk of further delay in spend of LGF in ensuring best use of funding and securing value for money in the use of the grant. Delays in the delivery of the Project increases the risks associated with the overall Project completion within the Growth Deal period.
- 6.2. Delivery of the Growth Deal forms part of the Annual Performance Review (APR) assessment undertaken by Government in advance of confirming the annual LGF funding allocations. The slippage experienced by this Project detrimentally impacts on this delivery assessment, placing a risk over the outcome of this APR.
- 6.3. It should be noted that delivery of this project beyond the Growth Deal in March 2021 is subject to meeting the five conditions agreed by the Board on 15 February 2019, including obtaining endorsement from the Strategic Board. Delays in the delivery of this Project now further impacted by the pending Planning appeal, increase the risks associated with the overall Project completion within the Growth Deal period.

Should Option 2 in the recommendations be approved by the Board, the release of £1.94m to be reallocated to the next project(s) on the LGF pipeline will be considered under Agenda item 14. The value of unallocated LGF would be limited to £1.5m to be reallocated at this meeting, until East Sussex County Council return £440,000 which has already been transferred to them in respect of this Project by the Accountable Body. Once the Accountable Body is in receipt of the remaining £440,000 unallocated LGF, the next project

on the LGF pipeline can be considered for award, which would take place at the July 2021 Accountability Board.

- 6.4. Should the Board agree Option 3 in the Recommendations, to transfer of the outstanding allocation of £1.5m as a ring-fenced grant to East Sussex County Council (with conditions) this would allow for the outcome of the Planning Inspectorate appeal to be confirmed, and this could be considered as the prudent approach to avoid the risk of abortive LGF spend to East Sussex County Council.
- 6.5. To mitigate these risks, the Board is advised to keep under review the delivery progress of this project and to take this into account with regard to any further funding decisions made.
- 6.6. Should the Board agree Option 3 of this report be agreed, a variation agreement to the original SLA will be required to include the conditions set out in in this report. the agreed funding will be transferred to ESCC by Essex County Council as Accountable Body upon completion of the variation agreement.
- 6.7. If LGF spend on the Project becomes an abortive revenue cost, the funding must be repaid to Essex County Council as Accountable Body by East Sussex County Council, under the terms of the Service Level Agreement with the SELEP Accountable Body.
- 6.8. Essex County Council is responsible for ensuring that the LGF funding is utilised in accordance with the conditions set out by Government for use of the Grant.
- 6.9. All LGF is transferred to East Sussex County Council (ESCC) under the terms of a Funding Agreement or 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.
- 6.10. Should the Board approve Option 3, and the planning appeal is subsequently unsuccessful, ESCC will be required to repay £1.94m to Essex County Council as Accountable Body. This unallocated LGF will allow for the next project(s) which are on the LGF pipeline, to come forward for consideration of award of funding by the Board.

7. Legal Implications (Accountable Body comments)

- 7.1. The legal implications of the report vary depending on the option agreed by the Board. Under Option 1, there are no legal implications that arise. If the Project is cancelled under Option 2, the provisions set out within the SLA in place between ECC, as Accountable Body, and East Sussex County Council will apply. If Option 3 then a variation to the SLA setting out the conditions of the ringfenced grant will be required.

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

Bexhill Enterprise Park North project update

- 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.

9. List of Background Papers

- 9.1. [Bexhill Enterprise Park North LGF 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)

Role	Date
Accountable Body sign off Peter Shakespear (on behalf of Nicole Wood, S151 Officer, Essex County Council)	03/03/21

Forward plan reference number: FP/AB/384

Report title: A28 Sturry Link Road Project Update	
Report to: Accountability Board	
Report author: Rhiannon Mort, SELEP Capital Programme Manager	
Meeting date: 12 March 2021	For: Decision
Enquiries to: Rhiannon Mort, Rhiannon.Mort@southeastlep.com	
SELEP Partner Authority affected: Kent	

1. Purpose of Report

- 1.1. The purpose of this report is for the Accountability Board (the Board) to receive an update on the delivery of the A28 Sturry Link Road project (the Project), Canterbury, Kent. LGF spend on the project has been placed on hold since July 2019 due to the project risks.

2. Recommendations

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

Option 1

- 2.1.1. If planning consent for the Project is approved by Kent County Council on 9 March 2021:

- 2.1.1.1. **Agree** to remove the project from hold and transfer the remaining £4.656m LGF held by Essex County Council, as Accountable Body, to Kent County Council for the delivery of the Project.

Option 2

- 2.1.2. If planning consent is not granted by Kent County Council for the Project on 9th March 2021:

- 2.1.2.2. **Agree** the reallocation of £4.791m unspent LGF to the next project on the LGF pipeline, in accordance with the decision made by the Board in February 2020; and

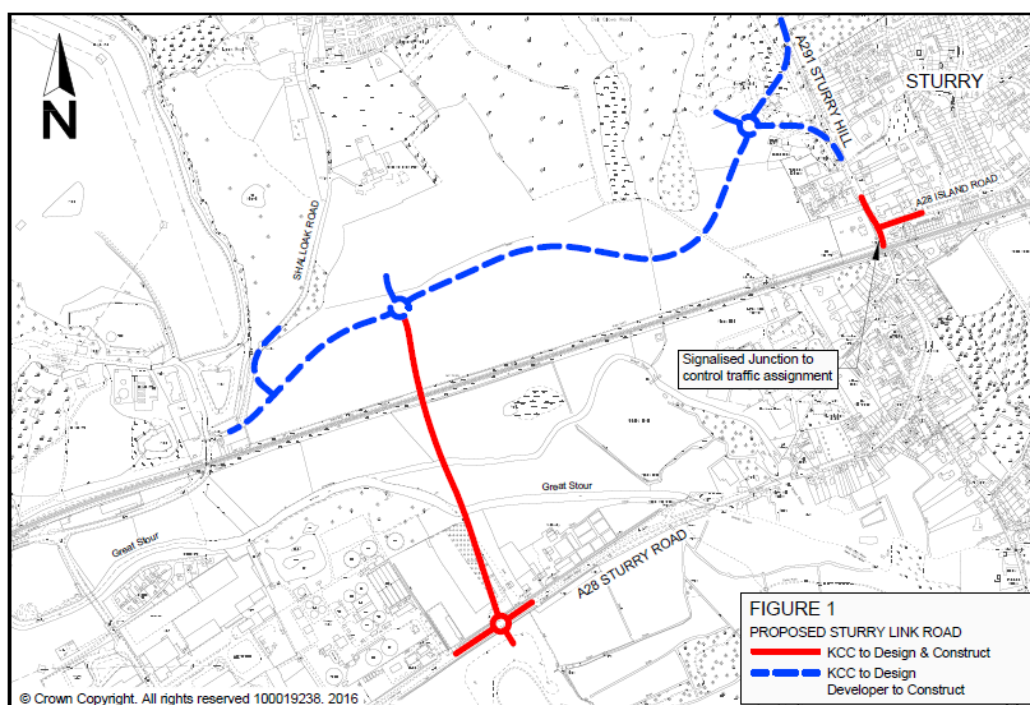
- 2.1.2.3. **Agree** to recover the £134,847 unspent LGF currently held by KCC in respect of the Project; and

- 2.1.2.4. **Agree** that there is compelling justification for the SELEP Accountable Body not to recover the £1.109m LGF spent on the Project to date, provided it can continue to meet the LGF grant conditions for Capital expenditure.

3. A28 Sturry Link Road (the Project)

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

Figure 1: A28 Sturry Link Road



4. Background

- 4.1. The Project was approved in June 2016 for the award of £5.9m LGF but has been identified as a high-risk for several months due to the risk to the private sector funding contributions to the Project and other delivery risks.
- 4.2. As a result of the project risks, the Board has received individual update reports on the Project since June 2019 and deadlines have previously been set for planning consent to be secured for the Project itself and for the residential developments for the main sites due to financially contribute to the Project.
- 4.3. On 9 February 2021, Canterbury City Council planning committee successfully approved the planning applications for the Broad Oak Farm and resubmitted Sturry development. These are the main developments due to financially contribute to the delivery of the Project. These developments will deliver in excess of 1,000 new homes, alongside a new primary school, community building and commercial space.

- 4.4. The planning application for the Project itself is due to be considered by Kent County Council planning committee on 9 March 2021. A verbal update will be presented to the Board at the meeting on the outcome.
- 4.5. In this report, the Board is asked to consider the outcome of the Kent County Council's planning committee consideration of the Project. This will inform whether the funding should remain allocated to the Project or if the unspent LGF should be reallocated to the next project on the LGF pipeline under agenda item 14.

5. Project Cost and Funding

- 5.1. To date, of the £5.9m LGF award, £1.109m LGF has been spent by Kent County Council (KCC) on the delivery of the Project. In addition to the £5.9m LGF awarded to the Project, developer funding contributions are expected to be made to fund the remaining project cost. These developer contributions are being made by different developers from sites in the vicinity of the Project.
- 5.2. Of the remaining £4.791m LGF left to spend on the Project, £0.135m of this funding is already held by KCC and the remaining £4.656m is held by the SELEP Accountable Body.

Table 1: Project spend profile (£m)

Funding source	Expenditure Forecast (£m)								
	Prior to 2018	18/19	19/20	20/21	21/22	22/23	23/24	24/25 and onwards	Total
LGF	0.785	0.286	0.038	0.600	4.191				5.900
Developer Contribution	0.015		0.275		1.710	6.549	7.051	8.100	23.700
KCC borrowing						5.000	0.5	-5.500	0.000
Total	0.800	0.286	0.313	0.600	5.901	11.549	7.551	2.600	29.600

- 5.3. The delays in securing planning consent and the uncertainty caused by the COVID-19 crisis has had an impact on the commencement of development. The impact of COVID-19 could also delay the payment dates for developer contributions to be made to the Project. Whilst KCC remains committed to the funding model, the delayed payment for developer contributions could result in additional forward funding being required by KCC. The current assurances provided by KCC only commit to the funding model set out in Table 1. Any

increases required to the cost of forward funding by KCC would be subject to further internal approvals by KCC.

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

6. Project delivery update

- 6.1. The original Project Business Case set out the intention to commence site mobilisation work in October 2019 and to complete the Project by October 2021.
- 6.2. Based on the latest Project delays, it is anticipated that construction will start in June 2022, with the completion of the Project by March 2024 and open to traffic in May 2024. The key project milestones are summarised in Table 2 below. This is on the basis that the developer contributions are in place and that the land required to deliver the Project can be acquired voluntarily.
- 6.3. There remain a number of risks associated with this programme including outstanding land acquisition and the potential need for a Compulsory Purchase Order (CPO).
- 6.4. A land agent has been appointed to lead on land negotiations, and the landowners have been consulted during the design phase to enable their initial concerns to be mitigated through design amendments. Once the planning has been confirmed, KCC will be in a better position to progress negotiations, with the intention of acquiring the land through voluntary negotiations.
- 6.5. If a CPO inquiry is required, this will add to the timescales for delivering the project and will risk an increase in LGF spend beyond 30 September 2021. KCC intend to run the CPO in parallel with the negotiations to reduce the impact on the construction programme.

Table 2: Project Milestones

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

7. Planning

- 7.1. At the last meeting of the Board, a verbal update was provided to confirm that planning had been approved for the two main developments due to financially contribute to the project.

- 7.2. On the 9th March 2021, Kent County Council planning committee are due to consider the planning application for the Project. A deadline was previously agreed that planning must be in place for the Project by 12 March 2021. A verbal update will be provided at the meeting to confirm whether the deadline has been met.

8. Funding Risk

- 8.1. In addition to the risks relating to planning and land acquisition, a key project risk previously reported to the Board relates to the funding package and the availability of private sector funding contributions.
- 8.2. Based on the expected pace of housing delivery, the developer contributions will not immediately be available to enable the delivery of the Project as per the current programme.
- 8.3. A forward funding model has been identified to cover any short fall in which KCC will forward fund the developer contributions to the Project, in advance of the developer contributions being paid. Kent County Council's S151 officer has written to confirm KCC's commitment to the proposed funding model.

9. Next steps and potential options

- 9.1. LGF spend on the Project has been placed on hold since July 2019, whilst KCC seek to address the project risks.
- 9.2. The main barriers to the Project's ability to proceed were the absence of planning consents for the Project and planning consent for the main residential developments due to financially contribute. This created a risk to the funding package to deliver the Project.
- 9.3. The risks in relation to the planning permission for the residential development has now been mitigated and KCC have provided confirmation of the funding package for the project. The only outstanding requirement, specified by the Board, which needs to be met before the remaining LGF is transferred relates to planning consent being secured for the Project.
- 9.4. This report sets out two potential options which are directly related to the outcome of the Kent County Council planning committee on 9th March 2021.
- 9.5. If the planning consent has been confirmed for the project, Option 1 is recommended to the Board:

Option 1

- 9.5.1. **Agree** to remove the project from hold and transfer the remaining £4.656m LGF held by Essex County Council, as Accountable Body, to Kent County Council for the delivery of the Project.
- 9.6. If planning consent is not granted by Kent County Council for the Project on 9th March 2021, it is recommended that the Board agree Option 2:

Option 2

- 9.6.1. **Agree** the reallocation of £4.791m unspent LGF to the next project on the LGF pipeline, in accordance with the decision made by the Board in February 2020; and
- 9.6.2. **Agree** to recover the £134,847 unspent LGF currently held by KCC in respect of the Project; and
- 9.6.3. **Agree** that there is compelling justification for the SELEP Accountable Body not to recover the £1.109m LGF spent on the Project to date, provided it can continue to meet the LGF grant conditions for Capital expenditure, as set out in the Grant Determination letter from Government and required in the SLA for the transfer of LGF between KCC, the Accountable Body and SELEP Ltd.
- 9.7. The remaining LGF spend on the Project totals £4.791m, of which £0.135m LGF is already held by KCC.
- 9.8. Under option 1, the remaining £4.656m LGF held by the Accountable Body in relation to the Project will be transferred across to KCC before 31 March 2021 for the delivery of the project beyond this date.
- 9.9. Under the conditions of the SLA, any delays to the expected Project completion date of greater than six months will require approval from the Board. The expected completion date for the Project is currently March 2024, as set out in Table 2.
- 9.10. Should KCC be unable to provide confirmation of the planning consent for the Project at the Board meeting on 12 March 2021 and the Board agree to reallocate the funding away from the Project, the funding will be considered for reallocation under agenda item XX.
- 9.11. If the remaining £4.791m unspent LGF is withdrawn from the Project (Option 2), it is still expected that the Project will proceed and be funded through development contributions, as the completion of the Project remains essential to the planned residential developments in North East Canterbury. However, the withdrawal of the LGF could potentially impact the financial viability of the development. As a result of the financial burden of the developers delivering the project, this could reduce their ability to deliver affordable housing and provide further S106 contributions such as for education and health care.
- 9.12. As the Project is still expected to proceed, even if the remaining £4.791m LGF is reallocated, KCC have confirmed that the £1.109m LGF spend to date remains a capital cost, in line with the grant conditions. As such, under Option 2, it is recommended that the Board agree the £1.109m LGF spend to date should not be recovered on the basis that the spend to date will enable the eventual delivery of the Project.
- 9.13. If the Project is not able to proceed and the £1.109m LGF spend to date becomes an abortive revenue cost, all LGF funding held by KCC in respect of the project must be repaid to the SELEP Accountable Body, as the spend will no longer meet the grant conditions from Central Government.

10. Financial Implications (Accountable Body comments)

- 10.1. The financial implications for this project vary depending on which option is agreed by the Board:

Option 1

- 10.2. If the final planning consent is in place for this Project and as assurances have been received from the s151 Officer from KCC, then, should the Board choose this option, the remaining £4.656m LGF can be transferred to KCC.
- 10.3. All LGF is transferred to the sponsoring authority under the terms of a Funding Agreement or SLA which makes clear the circumstances under which funding may have to be repaid should it not be utilised in line with the conditions of the grant or in accordance with the decisions of the Board.
- 10.4. If the Board approves that the LGF award remains allocated to the Project, a variation to the existing Funding Agreement will be required. On completion of the variation agreement, the transfer of LGF to the Project at Financial Year end, will be made to KCC as Lead Authority as a capital grant transfer.
- 10.5. Given the complexities associated with this Project, on-going monitoring of the risks and dependencies by the Board is advised, particularly with respect to any potential future blockers to delivery; potential identified risks include the requirement to purchase land either via negotiation or CPO. If a CPO is required, this will add to the timescales for delivering the project, although it is noted that KCC are intending to mitigate this risk, in part, by running the CPO in parallel with the negotiations, to reduce the impact on the construction programme.

Option 2

- 10.6. If the Board choose to reallocate the uncommitted LGF to another project on the LGF pipeline, KCC will be required to return the £134,847 of LGF being held whilst the Project has been on hold, under the terms of the SLA in place with Essex County Council as the Accountable Body.
- 10.7. If the Board consider that there is compelling justification for the Accountable Body not to recover the £1.109m LGF spent on the Project to date, this decision will be subject to KCC being able to continue to demonstrate that the spend meets the LGF grant conditions for Capital expenditure.
- 10.8. Under the terms of the SLA, any abortive project costs that have been funded by LGF will become revenue and will need to be returned to the Accountable Body, Essex County Council, as the requirements of the grant agreement will no longer be met.
- 10.9. The reallocation of LGF will be considered under agenda item 14, subject to receipt from KCC.

11. Legal Implications (Accountable Body comments)

11.1. There are no significant legal implications arising from the proposals set out in this report. If Option 1 is approved, the funding will be used in accordance with the terms of the Service Level Agreement between SELEP Ltd, ECC as Accountable Body and KCC (the SLA). If the Project is cancelled under Option 2, the provisions set out with the SLA in place between ECC, as Accountable Body, and KCC will apply, and KCC can retain funding spent as capital costs but if these costs become abortive revenue costs, ECC will work with KCC to recover these costs.

12. Equality and Diversity implication

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

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

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

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

13. List of Appendices

13.1. None

14. List of Background Papers

14.1. Business Case for the A28 Sturry Link Road

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

Role	Date
<p>Accountable Body sign off</p> <p>Peter Shakespear</p> <p>(On behalf of Nicole Wood, S151 Officer, Essex County Council)</p>	04/03/21

Report title: A13 widening LGF funding decision report	
Report to: Accountability Board	
Report author: Anna Eastgate, Assistant Director Lower Thames Crossing & Transport Infrastructure Projects, Thurrock Council and Rhiannon Mort SELEP Capital Programme Manager, SELEP	
Meeting date: 12 March 2021	For: Decision
Enquiries to: Anna Eastgate, AEastgate@thurrock.gov.uk Rhiannon Mort, Rhiannon.mort@southeastlep.com	
SELEP Partner Authority affected: Thurrock Council	

1. Purpose of report

- 1.1. The purpose of this report is to provide an update to the Accountability Board (the Board) on the delivery of the A13 widening project (the Project).
- 1.2. The Project has previously been awarded £80m LGF including £5m Local Growth Fund (LGF) towards the early development of the Project and £75m towards the construction of the Project.
- 1.3. Through the last few meetings the Board has been made aware of issues which have arisen through the delivery of the Project to date, which have led to an increase in costs to the Project.
- 1.4. The economic case and financial case of the Project Business Case have previously been updated to reflect the increase in costs and the change to the Project LGF spend profile.
- 1.5. This report sets out the outcome of the updated value for money assessment for the Project as a result of COVID-19 impacts and asks the Board to consider the award of a further £1.5m LGF to the Project.

2. Recommendations

- 2.1. The Board is asked to:
 - 2.1.1. **Agree** the award of an additional £1.5m LGF to the Project;
 - 2.1.2. **Note** that significant progress has been made since the last update and the project is entering the last 12 months of construction

3. Background

A13 widening LGF funding decision report

- 3.1. The Project involves widening the A13 Stanford le Hope Bypass from 2 to 3 lanes in both directions, from the junction with the A128 (Orsett Cock roundabout) in the west to the A1014 (the Manorway) in the east. Once the Project is completed, there will be a continuous three-lane carriageway from the M25 to Stanford le Hope.
- 3.2. When complete, the Project will reduce congestion thereby delivering environmental benefits in terms of reduced noise and air pollution and improve journey times. It will also provide a significant contribution in supporting much needed economic growth not only on a regional and national platform but given the proximity to significant ports, logistics and industry, also on an international basis too which is why the delivery of the scheme is of critical importance.
- 3.3. The Project is a Department for Transport (DfT) retained scheme, which means the original business case for the Project was reviewed by the DfT and the funding decision was made by the Secretary of State in April 2017.
- 3.4. At the time of the original funding decision, the estimated Project cost totalled £78.866m, with £66.058m LGF being secured from the DfT and a further £5m LGF having been awarded by SELEP towards the early development stage of the Project.
- 3.5. The Board has received updates on issues and progress since November 2019 with the last report and update in July 2020.
- 3.6. 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.
- 3.7. At the point of this additional funding award to the Project, Thurrock Council provided assurances that the Project would still progress through to completion and that the Council will underwrite any further funding shortfall that arises. This will include seeking additional funding through any external sources available to the Council, as well as the use of its own capital resources such as capital receipts and Prudential Borrowing.
- 3.8. Since the last update report in July 2020, there remains underlying risks to the forecast outturn position, primarily due to the impact of the COVID-19 pandemic, as set out in section 4.9 below.
- 3.9. At the SELEP Strategic Board meeting on 11 December 2020, the Strategic Board agreed to include the A13 on the prioritisation list for additional funding of £1.5m to help Thurrock Council in managing the cost increases to the Project.
- 3.10. This report provides an update on the progress of the project made to date and the outcome from an updated value for money exercise. The Council continues to work closely with the design and construction contractors to manage and mitigate both project and financial risks including specifically the impact of Covid-19. There are ongoing discussions between the Council and the main construction contractor with a view to agreeing historic costs to create more certainty on the outturn forecast position for both parties.

4. Progress since the last Board meeting

- 4.1. The Board will recall that there have been three significant issues which have impacted on the ability to deliver the Project and have resulted in substantial increases to the Project cost. Those issues are:
- 4.1.1. Utilities Diversion Works – are usually carried out by the utility company directly or their approved contractors due to their responsibilities under legislation as statutory undertakers. As a consequence, there is no contractual relationship between the Council and the utility contractor and therefore very limited influence and control over the speed with which matters are progressed. The issues encountered included delays in the approvals of the feasibility studies and design of the diversions, programming of works, availability of resource and materials to complete the works as certain utilities can only be undertaken during particular months of the year, the ability to secure the relevant land for the diversion and agree necessary legal rights to maintain the diverted apparatus. These issues then had a knock on impact on the main works programme which needed to be adjusted to enable work to progress along the route where it did not affect the diversions.
 - 4.1.2. Structures Design – Unforeseen ground conditions and differences between the as built drawings and the in situ structures resulted in significant re-design work to ensure that the structures were fit for purpose to comply with the Design Manual for Roads and Bridges (DMRB) standards which were committed to as part of the business case. This clearly had an impact on cost and programme.
 - 4.1.3. Drainage Design- the same issues as for the structures impacted on the drainage and again meant that the drainage design for the scheme had to be reviewed resulting in significant redesign work and compensation events under the contract. This also led to delays in delivery as a consequence of the work programme having to be reorganised to enable works to progress along other areas of the route.
- 4.2. These issues have remained in sharp focus for the Project team and the team has worked hard to identify mitigation measures to ensure the project remained on programme and in delivery.
- 4.3. Significant progress has been made since the last report to the Board. All major earthworks have now been completed and surfacing on both sides of the carriageway is well underway.
- 4.4. The concrete bridge decks on the structures is also complete and demolition of the former bridge structures will commence in spring. It is anticipated the new Horndon Bridge will be open to the public in the coming weeks.
- 4.5. The mitigation strategy for dealing with delays caused by utility diversions have been addressed through risk meetings and employing an independent gas watcher to ensure the diversions avoided critical path activities.

A13 widening LGF funding decision report

- 4.6. The drainage design is complete and under construction with additional contractors brought onto site to accelerate delivery. The most recent weekend closures have been to facilitate cross carriageway drainage.
- 4.7. More than £8.7m has been invested locally, by using regional suppliers and businesses based within 10 miles of the project – supporting the local economy at a time when this is needed more than ever.
- 4.8. There has now been more than 500,000 hours since the last RIDDOR and more than 1 million hours worked on the project in total. The Project Accident Incident Rate is currently 0 which is a significant achievement.
- 4.9. The site has again not been without challenges. Having maintained construction activities on site throughout the COVID-19 pandemic, in December consistent with the emergence of the new more transmissible strain of COVID-19, with the report of three cases in a drainage team. It was thought that this outbreak was contained however a week later, further cases were reported in the site office and within the supervision teams on site. Whilst the effects of the recent lockdown have not yet been fully evaluated the impact of the Spring/Summer 20 lockdown in addition to this has resulted in an extension to the programme which has further impacted on the financial forecast. There remains further additional risk going forwards and this continues to be monitored closely.
- 4.10. The team took advice from the Council's public health and environmental health teams and a decision was made based upon that advice and the need to operate the site safely, that it would be sensible to close the construction site early for the Christmas break. Consequently the site was closed on 17th December 2020.
- 4.11. The site has opened back up gradually since 4th January 2021 and has put additional safeguards in place against another outbreak and to ensure all relevant guidance and precautions are taken to protect workers and the public.

5. Programme

- 5.1. At commencement, this scheme had a planned completion date (open to traffic) of Autumn 2020. The three major issues which have been brought to the attention of the Board have been matters largely outside the Council's control and have now been further exacerbated by the COVID-19 pandemic as a consequence of reduced activities necessary to protect the workforce and comply with health and safety guidance. Based on the current approved programme, the scheme is likely to be open to traffic in Spring 2022.
- 5.2. However, the Council is currently working with the main contractor to identify mitigation measures which are aimed at achieving a road open to traffic date of December 2021. The Council confirm that they are still able to meet the remaining costs of the project.

6. Update on Project Costs

- 6.1. Work has been underway to review the outturn forecast now that the Project is within its final 12 months of construction activities.

- 6.2. The revised expenditure profile remains subject to change as commercial discussions continue. The position will continue to be reviewed and updated as there is greater cost certainty over the forecast outturn.

7. Commercial Arrangements

- 7.1. The current contractual arrangement with the main works contractor is an NEC3 Option C contract. This means that any works not within the scope of the contract are subject to a compensation event (CE).
- 7.2. This provides very little certainty over cost and under the terms of the NEC3 contract there are very limited grounds to refuse the contractor's programme.
- 7.3. Any additional delays in programme almost certainly result in an increase in costs. The lack of detailed design and issues with the structures drainage and utilities diversions has also increased costs incrementally from the original estimate set out in the business case considered in 2017.
- 7.4. Options were previously considered to change the commercial arrangements however, the main works contractor considered at that time that there still remained too much risk in the scheme to enable negotiations to proceed.
- 7.5. Discussions have again commenced and the risk profile of the project is reducing therefore there is again now an opportunity to revisit the negotiations with a view to providing more cost and programme certainty.

8. Value for Money Exercise (VfM)

- 8.1. Thurrock Council appointed Mott MacDonald to undertake a value for money review. This involved putting the revised total project cost and expenditure profile into the Financial Case and Economic Case to determine a revised benefit to cost ratio (BCR) for the Board's consideration.
- 8.2. The original business case, approved by the DfT in April 2017, concluded that the project demonstrates high VfM without Lower Thames Crossing (BCR = 2.9) and a very high VfM (BCR = 4.4) when the impact of the new Lower Thames Crossing on future traffic flows along the A13 is considered.
- 8.3. The revised BCR ratios conclude that the project demonstrates medium VfM without Lower Thames Crossing (BCR = 1.7) and a high VfM with Lower Thames Crossing (BCR = 2.5).
- 8.4. The last VfM exercise produced showed that it was close to the threshold so with the additional issues on the Project as a consequence of COVID-19, it is not surprising that the outcome from the latest review shows a medium value without the Lower Thames Crossing and a high value with the Lower Thames Crossing.

9. Risk and Mitigation

A13 widening LGF funding decision report

- 9.1. This project, similarly to other infrastructure projects, will carry an element of risk throughout as a consequence of the contractual arrangements and three major issues which have been identified; utilities diversion works, structures design and drainage design.
- 9.2. The COVID-19 Pandemic has added to the risk profile of the Project however, appropriate mitigations remain in place and are being managed. The re-negotiation of the commercial arrangements is an opportunity to further mitigate increases in costs and programme delays.

10. SELEP comments

- 10.1. A revised value for money assessment has been completed for the Project based on the revised project cost and which has been assessed by SELEP's Independent Technical Evaluator (ITE).
- 10.2. The revised business case, as reviewed by Steer in June 2020, was based on a scheme capital cost of £114.7m, with a benefit cost ratio (BCR) of 2.1:1 representing "high" value for money, with a medium level of certainty for delivering that value for money.
- 10.3. An additional £1.5m LGF 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.
- 10.4. 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 BCR 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, the ITE recommend that the Board 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.

11. Financial Implications (Accountable Body comments)

- 11.1. The full LGF funding allocation for 2020/21 has been received by the Accountable Body from HM Government.
- 11.2. The £80m of LGF already awarded to this Project has been transferred to Thurrock Council to support delivery.
- 11.3. In December 2020, SELEP Ltd agreed a new pipeline of LGF projects. Based on the £6.7m unallocated at the time of the meeting, 10 projects were prioritised to receive additional LGF, due to cost increases or reduced local funding contributions, due to the impact of Covid-19. The A13 Project was included on this agreed pipeline, seeking an additional £1.5m LGF.
- 11.4. As Thurrock Council are undergoing commercial discussions on the contractual arrangements for this Project, it has not been possible for them to provide the full information that would normally accompany a funding request, including the financial breakdown for the Project. The Council have, however, been able to provide re-confirmation

A13 widening LGF funding decision report

that all remaining costs of the Project will be met by the Council and have advised that the risks to the Project are being actively managed down.

- 11.5. The Council have also provided confirmation of the BCR position to support the value for money assessment for the Project; although it is noted that a high value for money score is contingent on delivery of the Lower Thames Crossing, which presents a risk in this respect. Given this risk, the Board are advised to continue to monitor this position in respect of this project.
- 11.6. As not all of the information is available to the Board to inform the award of the additional LGF to the Project, the Board could choose to postpone the award of the funding until full assurances can be provided in this respect. As a minimum measure, however, given the progress in delivery and the Strategic importance previously acknowledged by the Board, the Board may be satisfied to award funding subject to receipt of an updated report in July 2021, by which time, the Commercial Negotiations are anticipated to be concluded and the outstanding financial profile can be provided.
- 11.7. The Board may also wish to seek confirmation that any recommendations from the Audit that was commissioned by Thurrock Council on the Project in September 2019 have been implemented, given the on-going financial uncertainties being experienced.
- 11.8. Essex County Council, as the Accountable Body, is responsible for ensuring that the LGF funding is utilised in accordance with the conditions set out by Government for use of the Grant.
- 11.9. All LGF is transferred to Thurrock Council under the terms of a Funding Agreement or SLA which includes the circumstances under which funding may have to be repaid should it not be utilised in line with the conditions of the grant or in accordance with the Decisions of the Board.
- 11.10. If the Board approves the additional award of LGF to be allocated to the Project, a variation to the existing Funding Agreement will be required. On completion of the variation agreement, the transfer of LGF to the Project at Financial Year end, will be made to Thurrock Council as Lead Authority as a capital grant transfer.

12. Legal Implications (Accountable Body comments)

- 12.1. The allocation will be released to Thurrock Council in accordance with the terms and conditions of the Service Level Agreement for the Local Growth Fund already in place.

13. Equality and Diversity implication

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

A13 widening LGF funding decision report

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. None

15. List of Background Papers

15.1. None

Role	Date
Accountable Body sign off Peter Shakespear (on behalf of Nicole Wood, S151 Officer, Essex County Council)	04/03/21

Forward plan reference number: FP/AB/386

Report title: Kent and Medway EDGE Hub – LGF funding decision	
Report to: Accountability Board	
Report author: Helen Dyer, SELEP Capital Programme Officer	
Meeting date: 12 March 2021	For: Decision
Enquiries to: helen.dyer@southeastlep.com	
SELEP Partner Authority affected: Kent	

1. Purpose of report

- 1.1. The purpose of this report is for the Accountability Board (the Board) to consider the award of an additional £901,128 Local Growth Fund (LGF) funding to the Kent and Medway Engineering, Design, Growth and Enterprise (EDGE) Hub Project (the Project) in Kent.
- 1.2. The Project was included in the LGF project pipeline agreed by Strategic Board at their meeting on 11 December 2020.

2. Recommendations

- 2.1. The Board is asked to:
 - 2.1.1. **Agree** the award of an additional £901,128 to the Kent and Medway Engineering, Design, Growth and Enterprise Hub project which has been assessed as offering High value for money with High certainty of achieving this; and
 - 2.1.2. **Note** that there is potential for a further LGF funding decision in relation to the Project to be considered under Agenda Item 14.

3. Background

- 3.1. In December 2020, the Strategic Board agreed a new prioritised LGF project pipeline. This pipeline 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 the COVID-19 pandemic, to seek additional LGF funding.
- 3.2. For projects to be considered for additional LGF, scheme promoters were required to demonstrate:
 - 3.2.1. a legitimate case for why additional public sector investment is required in the project;
 - 3.2.2. that the project remains a strategic priority in supporting the COVID-19 economic recovery and/or in addressing the challenges presented by Brexit;

- 3.2.3. that the project continues to present High value for money; and
- 3.2.4. if additional funding is awarded to the project, that the project is in a strong position to proceed to delivery, with no substantial delivery risks.
- 3.3. At the time of the Strategic Board meeting there was a total of £6.693m LGF funding unallocated, which supported additional LGF investment in the first 10 projects on the pipeline. The Project was placed 11th on the project pipeline, and therefore initially there was insufficient funding available to allocate additional LGF to the Project. However, in February 2021 the Board agreed the cancellation of the Basildon Innovation Warehouse Project from the LGF Programme. This released £0.870m LGF which combined with the original remaining unallocated balance of £0.031m (after allocating additional funding to the first 10 projects on the pipeline), has resulted in the availability of £0.901m for investment in the Project.
- 3.4. An updated application for additional LGF funding for the Project has been provided. This application has been reviewed by the Independent Technical Evaluator (ITE) to ensure that the project continues to present High value for money, based on the original Business Case and the additional LGF funding ask.
- 4. Case for investment**
 - 4.1. The Project is delivering a new skills facility in Canterbury which will support high value employment, growth and investment in Engineering and Technology. The hub is housed within a new £64.5m state-of-the-art Science, Technology, Engineering and Mathematics (STEM) facility, which also houses the Kent and Medway Medical School. Satellite facilities will also be developed at Discovery Park, Kent Science Park and the Canterbury Christ Church University campus in Medway.
 - 4.2. The Hub creates the opportunity to unlock economic growth and employment in engineering and technology through an expansion of specialist education, research and innovation support services and will unlock growth of existing businesses and make the area more attractive to inward investors by addressing the challenge of engineering and technology skills shortages, which local companies have identified as a key barrier to future success. Further information on the Project can be found in Appendix A.
 - 4.3. The Board approved an award of £6.12m of LGF funding to the Project in September 2017. This funding allocation has been fully spent supporting delivery of the Project to date.
 - 4.4. An additional £1.224m LGF funding was requested to support delivery of the Project following an increase in costs due to the COVID-19 pandemic and changes to health and safety legislation. However, there is currently only £0.901m LGF available for reallocation. This report considers the award of this funding to the Project. Should the Board take any decisions during the course of the meeting which result in LGF funding being returned to SELEP for reallocation, it is intended that a further decision to award the remaining £0.323m LGF requested to the Project will be considered under Agenda Item 14.

- 4.5. The scheme promoter has indicated that the Project can proceed with the reduced LGF allocation. Provision of this funding will enable significant capital investment in core state-of-the-art engineering and digital technology equipment. The COVID-19 pandemic has prompted the development of a new, remote approach to the delivery of education and business support. Investment in specialist equipment is essential if the EDGE Hub is to maintain its' position at the forefront of skills development and business support in a post-COVID-19 environment.
- 4.6. Due to the cost increases experienced during the COVID-19 pandemic, investment in core equipment and the implementation of the satellite facilities will be delayed by 2 to 3 years if additional LGF funding is not awarded.
- 4.7. Table 1 below details the updated funding package for the Project. It is expected that the additional LGF funding considered within this report will be spent in full by 30th September 2021.

Table 1: Kent and Medway EDGE Hub updated funding package

Funding sources	2017/18	2018/19	2019/20	2020/21	2021/22	Total (m)
Local Growth Fund	1.120	2.500	2.500	-	0.901	£7.021
Office for Students	-	3.000	2.500	1.000	-	£6.500
Canterbury Christ Church University	1.610	0.970	0.200	0.200	0.300	£3.280
Equipment in kind	-	0.100	0.200	0.200	0.200	£0.700
Borrowing	-	2.000	0.780	1.000	0.500	£4.280
Total	£2.730	£8.570	£6.180	£2.400	£1.901	£21.781m

- 4.8. The award of the funding set out within this report will enable the realisation of the benefits set out within the original Project Business Case, as detailed within Appendix A. Without this investment, realisation of the benefits will be delayed by 2 to 3 years as alternative funding is sought for core equipment and the establishment of satellite facilities.
- 4.9. The Independent Technical Evaluator (ITE) has reviewed the Benefit Cost Ratio (BCR) calculations provided in the original Project Business Case, in light of the additional LGF funding requested. Based on the stated project benefits and taking into account the revised public sector cost for the project, it is considered that the Project will continue to offer High value for money with High certainty of achieving this.

5. Risks

- 5.1. During the development of the LGF prioritised project pipeline, project deliverability was a key consideration. As such, no substantial risks have been identified in relation to the Project.

- 5.2. The EDGE Hub building has been constructed and the additional funding is being sought to support the purchase of essential equipment. All required approvals and permissions are in place and the Project is approaching completion.
- 5.3. There is an identified risk that COVID-19 could impact on the supply chain and delay the fit out of the building, for example, if specialist fit out teams have to self-isolate. However, mitigation measures are in place, including strict appropriate COVID-19 working practices.
- 5.4. It is also noted that due to the increased demand for integrating online and immersive virtual services, and the rapid rate of change and adoption of new technologies within engineering and technology, that the Project and the region are at risk of not being able to meet the needs of the emerging post-COVID-19 environment. The additional LGF funding set out within this report helps to mitigate this risk and to enable the introduction of key technologies.

6. Next steps

- 6.1. The additional funding allocation set out within this report has been included within the Deed of Variation to the existing SLA, which has been put in place between SELEP Ltd., Essex County Council (as Accountable Body for SELEP) and Kent County Council. Completion of this Deed of Variation by all parties will enable SELEP to transfer the funding to Kent County Council before the end of March 2021.

7. Financial Implications (Accountable Body comments)

- 7.1. The full LGF funding allocation for 2020/21 has been received by Ministry of Housing, Communities, & Local Government (MHCLG).
- 7.2. In December 2020, SELEP Ltd agreed a new pipeline of LGF projects. Based on the £6.7m unallocated at the time of the meeting in December, 10 projects were identified to receive additional LGF to provide the opportunity for existing LGF projects, which were struggling with cost increases or reduced local funding contributions due the impact of Covid-19, to seek additional LGF funding. These 10 projects have now had the additional LGF allocated at the February 2021 Board meeting and under Agenda Items 8 & 12 of this meeting (assuming the recommendations are approved). Essex County Council, as the Accountable Body is in receipt of the unallocated LGF funding.
- 7.3. The project funding decision of this report is considered for the 11th project on the agreed LGF Covid pipeline. This request for £901,128 funding is up to the available unallocated LGF at the time of writing this report. Should further unallocated LGF become available during the course of the Board meeting, the balance of this project funding will be considered under Agenda item 14.
- 7.4. 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.
- 7.5. All LGF is transferred to the Project Lead Authorities, under the terms of a Funding Agreement or 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.

- 7.6. Should the Board approve the award of LGF to specific pipeline projects in this report, a deed of variation to the current SLA will be put in place to include the project LGF allocation.

8. Legal Implications (Accountable Body comments)

- 8.1. There are no legal implications to this report.

9. Equality and Diversity Implications

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

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

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

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

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

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

10. List of Appendices

- 10.1. Appendix A – LGF Project Background Information
- 10.2. Appendix B – Report of the Independent Technical Evaluator (as attached to Agenda Item 5)

11. List of Background Papers

- 11.1. [Business Case for the Kent and Medway EDGE Hub Project](#)
- 11.2. Request for additional LGF funding for the Kent and Medway EDGE Hub Project

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

Kent and Medway EDGE Hub – LGF funding decision

Role	Date
Accountable Body sign off Peter Shakespear (on behalf of Nicole Wood, S151 Officer, Essex County Council)	03/03/2021

Appendix A – Local Growth Fund Project Background Information

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

	<p>lab furniture) which have significantly increased the cost of the project;</p> <ul style="list-style-type: none">• Changes to delivery models and technology adoption as a result of COVID-19 - in order to meet changing business needs, it is necessary to invest in and harness advanced digital technologies. Additional funding is needed to develop immersive virtual engineering capabilities to support and enhance service offerings and delivery of education, apprenticeship training, research and business support during COVID-19 and post-COVID-19.																																																															
Project benefits	<p>The project will deliver the following benefits:</p> <ul style="list-style-type: none">• 56 jobs created by 2024;• £1.8m additional income from employer research and consultancy by 2024;• 420 employer student research projects completed by 2024;• Additional £45,000 Innovation Service IP-Related Income by 2024;• 12,900 additional school student visits by 2024;• 375 additional short course & CPD learners by 2024;• 1250 additional undergraduate & postgraduate enrolments by 2024. <p>The EDGE Hub seeks to fill regional skills gaps through provision of industry ready graduates and upskilling the existing workforce.</p> <p>Provision of an additional £0.9m LGF funding will ensure timely realisation of the benefits outlined in the original Business Case submission.</p>																																																															
Financial Information	<p>Original LGF allocation: £6.12m</p> <p>Additional LGF funding requested: £1.224m in total. This report considers the award of an additional £0.901m LGF to the Project. The remaining balance will be considered under a separate agenda item if further funding becomes available.</p> <p>The total capital cost of the project is £21.781m.</p> <p>Project spend profile:</p> <table><tr><th colspan="7">Original project spend profile (£m)</th></tr><tr><th>Funding sources</th><th>2017/18</th><th>2018/19</th><th>2019/20</th><th>2020/21</th><th>2021/22</th><th>Total</th></tr><tr><td>Local Growth Fund</td><td>1.120</td><td>2.500</td><td>2.500</td><td>-</td><td>-</td><td>6.120</td></tr><tr><td>Office for Students</td><td>-</td><td>3.000</td><td>2.500</td><td>1.000</td><td>-</td><td>6.500</td></tr><tr><td>Canterbury Christ Church University</td><td>1.610</td><td>0.970</td><td>0.200</td><td>0.200</td><td>0.300</td><td>3.280</td></tr><tr><td>Equipment in kind</td><td>-</td><td>0.100</td><td>0.200</td><td>0.200</td><td>0.200</td><td>0.700</td></tr><tr><td>Borrowing</td><td>-</td><td>1.652</td><td>0.750</td><td>1.000</td><td>0.500</td><td>3.902</td></tr><tr><td>Total</td><td>2.730</td><td>8.222</td><td>6.150</td><td>2.400</td><td>1.000</td><td>20.502</td></tr><tr><th colspan="7">Revised project spend profile (£m)</th></tr></table>	Original project spend profile (£m)							Funding sources	2017/18	2018/19	2019/20	2020/21	2021/22	Total	Local Growth Fund	1.120	2.500	2.500	-	-	6.120	Office for Students	-	3.000	2.500	1.000	-	6.500	Canterbury Christ Church University	1.610	0.970	0.200	0.200	0.300	3.280	Equipment in kind	-	0.100	0.200	0.200	0.200	0.700	Borrowing	-	1.652	0.750	1.000	0.500	3.902	Total	2.730	8.222	6.150	2.400	1.000	20.502	Revised project spend profile (£m)						
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Total	2.730	8.570	6.180	2.400	1.901	21.781																																												
Risks to project delivery	<p>The main risks impacting the ability of the project to proceed are:</p> <ul style="list-style-type: none">• Potential COVID-19 impacts on the supply chain may delay the fit out of the building (for example, specialist fit out teams having to self-isolate). Mitigation measures in place including strict appropriate COVID-19 working conditions.• The increased demand for integrating online and immersive virtual services, as well as the rapid rate of change and adoption of new technologies within engineering and technology, puts the project at risk of not being able to meet the needs of the emerging 'new normal', without additional investment. <p>Subject to Board approval of the additional LGF allocation, there are no remaining barriers to Project delivery. The funding will be used to complete the fit out of the buildings and the purchase of necessary equipment.</p>																																																	
Outcome of ITE Review	<p>The project has been assessed as offering High value for money with a High certainty of achieving this.</p> <p>For additional information, please refer to the Report of the Independent Technical Evaluator (as attached to agenda item 5).</p>																																																	
Evidenced compliance with Assurance Framework?	Yes, the project does meet the requirements of the SELEP Assurance Framework.																																																	
Link to Project webpage, application for additional LGF funding and Strategic Board decision	<p>Project page: https://www.southeastlep.com/project/kent-and-medway-engineering-and-design-growth-and-enterprise-edge-hub/</p> <p>Application for additional LGF funding: https://www.southeastlep.com/app/uploads/2020/10/Kent-and-Medway-EDGE-Hub-LGF.pdf</p> <p>Strategic Board decision to prioritise project for receipt of additional LGF funding: https://www.southeastlep.com/app/uploads/2019/11/Strategic-Board-Dec-2020-Draft-Minutes.pdf</p>																																																	

Forward plan reference number: FP/AB/392,
FP/AB/393, FP/AB/394, FP/AB/395,
FP/AB/396, FP/AB/397, FP/AB/398

Report title: LGF additional funding awards	
Report to: Accountability Board	
Report author: Howard Davies, SELEP Capital Programme Officer	
Meeting date: 12 March 2021	For: Decision
Enquiries to: howard.davies@southeastlep.com	
SELEP Partner Authority affected: Pan LEP	

1. Purpose of report

- 1.1. The purpose of this report is for the Accountability Board (the Board) to consider the award of Local Growth Fund (LGF) to projects in the pipeline should additional LGF allocation become available should Board decide to remove allocations from projects under earlier decisions on the agenda.
- 1.2. If there are is no LGF available to be reallocated this report will not be considered by Board. Projects will only be considered for award where sufficient allocation is available. The available balance of LGF will be clearly presented to Board ahead of any decisions being considered.

2. Recommendations

- 2.1. The Board is asked to:

- 2.1.1. **Note** the award of additional LGF funding will only be considered if sufficient funding is available at this point in the meeting on the 12 March 2021
- 2.1.2. **Agree** the award of an additional LGF to the following projects in the order they appear on the LGF additional funding prioritised project pipeline. The projects have been assessed as presenting high value for money with high certainty:
 - 2.1.2.1. Kent and Medway EDGE Hub **£324,000**
 - 2.1.2.2. Mercury Rising, Essex **£228,000**
 - 2.1.2.3. Southend Airport Business Park Part A **£600,000**
 - 2.1.2.4. Southend Airport Business Park Part B **£500,000**
 - 2.1.2.5. Southend Airport Business Park Part C **£500,000**

LGF additional funding awards

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

3. Background

- 3.1. In December 2020, SELEP Ltd agreed a new pipeline of LGF projects, which included a total of 20 projects, details can be found at Appendix C. The ten projects in bands 1 and 2a have been awarded funding (assuming A13 Widening Part A and M11 Junction 8 are awarded funding earlier on the agenda at item 5 and 6).
- 3.2. The pipeline of LGF projects was established to provide the opportunity for existing LGF projects, which were struggling with cost increases or reduced local funding contributions due the impact of COVID-19, to seek additional LGF funding.
- 3.3. For projects to be considered for additional LGF, scheme promoters were required to demonstrate:
 - 3.3.1. a legitimate case for why additional public sector investment is required in the project;
 - 3.3.2. that the project remains a strategic priority in supporting the COVID-19 economic recovery and/or in addressing the challenges presented by Brexit;
 - 3.3.3. that the project continues to present high value for money; and
 - 3.3.4. if additional funding is awarded to the project, the project is in a strong position to proceed to delivery, with no substantial delivery risks.
- 3.4. The next nine projects on the pipeline have come forward for assessment although it is currently unknown what the value of available LGF will be. Projects were invited to come forward ahead of final decisions on reallocations to ensure that a full allocation of funding can be made by the end of the Growth Deal period on 31 March 2021.
- 3.5. At time of writing £900,000 of LGF allocation is available and following discussions with project sponsors and delivery partners, the next project on the pipeline, was invited to consider whether they could scale their project dependent on available funding.
- 3.6. On that basis the Kent and Medway EDGE Hub Project has been scaled down from a £1,224,000 LGF ask to £900,000 and the award of the £900,000 is being considered under agenda item 10 Should further allocations become available, the Project seeks the remaining £324,000 allocation. The additional allocation would be used to purchase additional equipment and would bring additional benefits that cannot be delivered with a £900,000 LGF investment.

LGF additional funding awards

- 3.7. The projects detailed in this report have provided updated versions of their applications for additional LGF. These applications have been reviewed by the Independent Technical Evaluator (ITE) to ensure the projects continue to present high value for money, based on their original business case and the additional funding ask. The outcome of this assessment is set out in Appendix A (under agenda item 5) and summarised in section 4 below.
- 3.8. For the projects on this pipeline no concerns have been raised about the deliverability of the projects, as local partners plan to meet the increase in project costs. These projects will remain under review and risks to the delivery of the project will be brought to the Boards attention.
- 3.9. Table 1, below lists the nine projects, including details of the previous LGF project allocation and the additional LGF ask. Further details of the projects and the reasons behind the need for additional funding can be found in Appendix B.

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

Project Name	Current LGF Allocation £000s	Additional LGF requested £000s	Total LGF £000s	Cumulative total funding ask £000s
Kent and Medway Edge Hub Part B	7,020	324	7,344	324
Mercury Rising, Essex	1,000	228	1,228	552
Southend Airport Business Park Part A	23,090	600	23,690	1,152
Southend Airport Business Park Part B		500	24,190	1,652
Southend Airport Business Park Part C		500	24,690	2,152
Maidstone East Station Access Improvements (as part of West Kent	1,246	153	1,399	2,305
A127 Essential Major Maintenance and The Bell Junction Improvement	6,600	393	6,993	2,698
Parkside Phase 3	5,000	1,650	6,650	4,348
A13 Widening Part B	81,500	1,000	82,500	5,348
Total	125,456	5,348	130,804	

* Note: The 'current LGF allocation' includes funding due to be awarded to these projects under previous agenda items (agenda items 5 and 6).

- 3.10. If the value of LGF being returned at this meeting exceeds the value of the 9 projects, in Table 1, (£5.348m) then a further pipeline, or alternative option(s) will be presented to the Strategic Board meeting in June 2021.

4. Summary Position

- 4.1. All nine projects have had their applications for additional funding assessed by the Independent Technical Evaluator (ITE) and all are considered to present high value for money with a high level of certainty. Further details can be found in Appendix A, under agenda item 5.
- 4.2. The project specific information at Appendix B includes details on risk but there is a generic risk that these projects will not be completed in line with the extended Growth Deal period. The funding for these projects will be transferred ahead of year end but ongoing close monitoring of the delivery of the projects will be necessary to ensure that the delivery of outputs and outcomes doesn't slip.

LGF additional funding awards

- 4.3. If allocations are not available for all projects, the pipeline will be maintained as there are LGF allocations that have been made to other projects on a conditional basis and could be returned in the 2021/22 financial year if conditions aren't met. These projects in the pipeline will be brought back for approval as and when allocations become available.
- 4.4. The Dartford Town Centre Improvements project which has not been through the ITE process remains on the pipeline. The Secretariat will continue to work with promoters and delivery partners to understand whether this project can come forward as part of the Local Growth Deal programme.

5. Financial Implications (Accountable Body comments)

- 5.1. The full LGF funding allocation for 2020/21 has been received by Ministry of Housing, Communities, & Local Government (MHCLG).
- 5.2. In December 2020, SELEP Ltd agreed a new pipeline of LGF projects. Based on the £6.7m unallocated at the time of the meeting in December, 10 projects were identified to receive additional LGF to provide the opportunity for existing LGF projects, which were struggling with cost increases or reduced local funding contributions due the impact of Covid-19, to seek additional LGF funding. These 10 projects have now had the additional LGF allocated at the February 2021 Board meeting and under Agenda Items 8 & 12 of this meeting (assuming the recommendations are approved). Essex County Council, as the Accountable Body is in receipt of the unallocated LGF funding.
- 5.3. This report is being presented at this meeting, conditional on additional LGF becoming available for reallocation, as a result of previous agenda items. This will allow consideration by the Board of approval of LGF to a further 9 projects in the pipeline up to the value of LGF unallocated (as a result of previous agenda items).
- 5.4. Essex County Council, as the Accountable Body, is responsible for ensuring that the LGF funding is utilised in accordance with the conditions set out by Government for use of the Grant.
- 5.5. All LGF is transferred to the Project Lead Authorities, under the terms of a Funding Agreement or SLA which makes clear that funding can only be made available when the Accountable Body is in receipt of the funding; whilst all funding in this respect has been received from HM Government, there may be funding that needs to be recovered from Partner Authorities in advance of reallocation.
- 5.6. The Agreements also set out the circumstances under which funding may have to be repaid should it not be utilised in line with the conditions of the grant or in accordance with the Decisions of the Board.
- 5.7. Should the Board approve the award of LGF to specific pipeline projects in this report, a deed of variation to the current SLAs will be put in place to include each project LGF allocation.
- 5.8. The transfer of capital funding to each Lead Authority will be subject to the deed of variation being in place.

6. Legal Implications (Accountable Body comments)

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

7. Equality and Diversity Implications

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

8. List of Appendices

- 8.1. Appendix A – ITE Report, see agenda item 5
- 8.2. Appendix B – Project Background Information
- 8.3. Appendix C – Project Pipeline

9. List of Background Papers

- 9.1. Edge Hub Business Case [here](#)
- 9.2. Mercury Theatre Business Case [here](#)
- 9.3. Southend Airport Business Park Business Case [here](#)

LGF additional funding awards

9.4. Maidstone East Station Access Business Case [here](#)

9.5. A127 Essential maintenance Business Case [here](#)

9.6. Parkside 3 Business case [here](#)

9.7. A13 Widening Business Case [here](#)

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

Role	Date
Accountable Body sign off Peter Shakespear (on behalf of Nicole Wood, S151 Officer, Essex County Council)	04/03/21

Appendix B – Local Growth Fund Project Background Information

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

	Local Growth Fund (earlier report)	1.120	2.500	2.500		.901	7.021
	Local Growth Fund (this report)					.323	.323
	Office for Students	-	3.000	2.500	1.000	-	6.500
	Canterbury Christ Church University	1.610	0.970	0.200	0.200	0.300	3.280
	Equipment in kind	-	0.100	0.200	0.200	0.200	0.700
	Borrowing	-	2.000	0.780	1.000	0.500	4.280
	Total	2.730	8.570	6.180	2.4	2.224	22.104
Risks to project delivery	<p>The main risks impacting the ability of the project to proceed are:</p> <ul style="list-style-type: none"> Potential COVID-19 impacts on the supply chain may delay the fit out of the building (for example, specialist fit out teams having to self-isolate). Mitigation measures in place including strict appropriate COVID-19 working conditions. The increased demand for integrating online and immersive virtual services, as well as the rapid rate of change and adoption of new technologies within engineering and technology, puts the project at risk of not being able to meet the needs of the emerging 'new normal', without additional investment. <p>Subject to Board approval of the additional LGF allocation, there are no remaining barriers to Project delivery. The funding will be used to ensure the provision of additional equipment to be provided within the hub.</p>						
Outcome of ITE Review	<p>The project has been assessed as offering High value for money with a High certainty of achieving this.</p> <p>For additional information, please refer to the Report of the Independent Technical Evaluator (as attached to agenda item 5).</p>						
Evidenced compliance with Assurance Framework?	Yes, the project does meet the requirements of the SELEP Assurance Framework.						
Link to Project webpage, application for additional LGF funding and Strategic Board decision	<p>Project page: https://www.southeastlep.com/project/kent-and-medway-engineering-and-design-growth-and-enterprise-edge-hub/</p> <p>Application for additional LGF funding: https://www.southeastlep.com/app/uploads/2020/10/Kent-and-Medway-EDGE-Hub-LGF.pdf</p> <p>Strategic Board decision to prioritise project for receipt of additional LGF funding: https://www.southeastlep.com/app/uploads/2019/11/Strategic-Board-Dec-2020-Draft-Minutes.pdf</p>						

SELEP – Local Growth Fund Project Background Information

Name of Project	Mercury Theatre Essex County Council
Description of what Project delivers	<p>The principal objectives of the scheme has been to:</p> <ul style="list-style-type: none"> - Create world class facilities for artists and audience alike improving the audience experience thereby increasing future capacity and attracting more visitors - Provide a new hub housing 15 new local creative businesses - Improve rehearsal and production facilities to support high quality productions locally, regionally, and nationally - Increase the contribution to the regional creative economy including skills development, business support for SME's in the sector and networking opportunities - Improve access for disabled people and other marginalised communities - Improve the public realm - Improve business sustainability - Open up new routes for digital presentation and creation - Create a safe and welcoming environment for Mercury staff and users - Support the visitor economy and placemaking for Colchester and North Essex <p>The Mercury Rising Project meets the Growth Deal aims of creating jobs, providing 52.3 gross additional direct FTE jobs in the economy, while realising the core objective of providing a greater cultural experience in a redeveloped building to anchor the creative economy in Essex and the SELEP economies. The project meets the objectives of our strategic plan for the Borough and will become a key asset for the town as we start to recover our local economy post Covid-19. .</p> <p>44 new employment opportunities per annum (34 direct and 10 new hosted creative businesses)</p>
Case for additional LGF funding	<p>As with most capital projects in 2020, Covid-19 has delayed and incurred extra significant costs for project. This has caused delays to the project, originally completion was expected in August 2020 and the theatre opening to the public in September 2020. Some additional funding has been made available by other funding organisations, but there remains a gap:</p> <p>Additional contractor fees Additional fees in relation to design and consultant teams Increased costs of materials and storage Unforeseen fire safety standard changes resulting in increased costs</p> <p>The additional LGF would also allow the project to reinstate items of equipment, including: Upgraded IT equipment, upgraded digital equipment to future proof the theatre, electrical equipment to support travelling touring teams</p>
Project benefits	<p>The overall benefits of the entire project are:</p> <ul style="list-style-type: none"> (1) Phase 2 infrastructure works enabled (2) 3,669sqm (GIA) Innovation Centre delivered (3) 63,000sqm of new commercial floorspace as part of Phase 2 of project (4) 2,600 new jobs as a result of project

**Financial
Information**

Original LGF allocation: £1.00m

The total capital cost of the Project is **£11.323m**.

Project spend profile:

Original project spend profile (£m)						
Funding sources	Up to 2017/18	2018/19	2019/20	2020/21	2021/22	Total
Local Growth Fund		1			-	1
Colchester Borough Council		0.5	0.5			1
Essex County Council	0.5	0.5				1
Arts Council England	0.47873	2	1.52127			4
Mercury Fundraising	0.0472	0.15025	1.791517			1.98897
Total	1.02593	4.15025	3.812787	0	0	8.98897

Revised project spend profile (£m)						
Funding sources	Up to 2017/18	2018/19	2019/20	2020/21	2021/22	Total
Local Growth Fund (LGF)			1			1
Additional LGF				0.228		0.228
Colchester Borough Council		1.195				1.195
Essex County Council			1			1
Arts Council England	0.47873			3.1691	0.3521	4
Mercury Fundraising	0.04813	0.07827	0.47826	0.5411	0.1222	1.268
Sport England				0.04		0.04
National Endowment for Science, Technology and the Arts (NESTA)				0.4		0.4
Town Deal				0.35		0.35
Arts Council Treasury Kick Start				0.8641		0.86409
European Regional Development Fund (ERDF)				0.978		0.978
Total	0.52686	1.27327	2.47826	6.5704	0.4744	11.3231

Risks to project delivery	The Project is 90% complete, there are no further barriers to completion.
Outcome of ITE Review	The scheme continues to offer high value for money with a high certainty of achieving this. Further information can be found in Appendix A
Evidenced compliance with Assurance Framework?	Yes, the project does meet the requirements of the SELEP Assurance Framework.
Link to Project webpage, application for additional LGF funding and Strategic Board decision	<p>Project page: https://www.southeastlep.com/mercury-rising-theatre-colchester/</p> <p>Application for additional LGF funding: https://www.southeastlep.com/app/uploads/2020/10/Mercury-Theatre-application-for-additonal-LGF.pdf</p> <p>Strategic Board decision to prioritise project for receipt of additional LGF funding: https://www.southeastlep.com/app/uploads/2019/11/Strategic-Board-Dec-2020-Draft-Minutes.pdf</p>

SELEP – Local Growth Fund Project Background Information

Name of Project	<p>Southend Airport Business Park</p> <p>Southend-on-Sea Borough Council</p>
Description of what Project delivers	<p>The project delivers a business park which will support the continued growth of the London Southend Airport and its associated activities as a key economic asset and addressing the current lack of availability of high quality employment land and premises in the area.</p> <p>Phase 1 – Delivers the infrastructure work</p> <p>Phase 2 – Development of the Airport Business Park. This second phase includes the construction of an Innovation Centre (The Launchpad), internal road construction, cycleway infrastructure, ground preparation and provision of site utilities</p>
Case for additional LGF funding	<p>Application A - £600,000. To allow for virus resilience measures to be incorporated into the building of the Launchpad Innovation Centre. This will allow accreditation to be included in the marketing of the centre ensuring that the project benefits are realised.</p> <p>Application B - £500,000. The fundamentals of the project remain as relevant in today's Covid climate as they were at the time of the initial LGF 2018 award. Greater knowledge of onplot costs related to ground conditions and site levels are impacting development viability (and severely restricting offices). The fallback position is SBC investment via reduction in land values.</p> <p>Application C £500k - Although the site remained open during the Q1 2020 national lockdown, the impact of Covid-19 was felt throughout the enabling contractor's supply chain leading to delays and associated increased costs. The most visible onsite illustration of this is a borrow pit from which soil was removed for foundations of both the enabling works and the key Ipeco Holdings (commercial and military crew seating manufacturer) transaction, still awaiting soil imports from regional donor sites which have been closed due to the Covid-19 pandemic.</p>
Project benefits	<p>The overall benefits of the entire project are:</p> <ul style="list-style-type: none"> (1) Phase 2 infrastructure works enabled (2) 3,669sqm (GIA) Innovation Centre delivered (3) 63,000sqm of new commercial floorspace as part of Phase 2 of project (4) 2,600 new jobs as a result of project
Financial Information	<p>Original LGF allocation: £23.09m</p> <p>Additional LGF funding requested: Part A - £0.600m, Part B - £0.500m, Part C - £0.500m Total £1.6m. The Board are asked to consider the award of Part A, B and C dependent on the level of funding that may become available.</p> <p>The total capital cost of the Project is £32.670m.</p> <p>Project spend profile:</p>

	Original project spend profile (£m)						
	Funding sources	Up to 2017/18	2018/19	2019/20	2020/21	2021/22	Total
	Local Growth Fund	4.442	4.471	11.642	2.535	-	23.09
	Southend-on-Sea BC	0.957	0.116	0.116	4.751	2.04	7.98
	Total	5.399	4.587	11.758	7.286	2.04	31.07
	Revised project spend profile (£m)						
	Funding sources	Up to 2017/18	2018/19	2019/20	2020/21	2021/22	Total
	Local Growth Fund (LGF)	4.442	4.127	10.234	4.287		23.09
	Additional LGF				0.4	1.2	1.6*
	Southend-on-Sea BC	0.957	0.103			6.92	7.98
	Total	5.399	4.23	10.234	4.687	8.12	32.67
	* Assumes that Part A,B and C of the additional LGF funding requested will be contributed by Southend-on-Sea Borough Council if the additional LGF funding is not awarded.						
Risks to project delivery	The residual risk of the fully enabled site, after the successful relocation of Westcliff Rugby Club, made possible by the original LGF award, is development viability at plot level mainly as a consequence of (i) ground conditions and (ii) site plot levels.						
Outcome of ITE Review	The project continues to represent high value for money with a high certainty of achieving this. Further information can be found in Appendix A						
Evidenced compliance with Assurance Framework?	Yes, the project does meet the requirements of the SELEP Assurance Framework.						
Link to Project webpage, application for additional LGF funding and Strategic Board decision	<p>Project page: https://www.southeastlep.com/project/london-southend-airport-business-park/</p> <p>Application for additional LGF funding: https://www.southeastlep.com/app/uploads/2020/10/Southend-Airport-Business-Park-additional-LGF-application.pdf</p> <p>Strategic Board decision to prioritise project for receipt of additional LGF funding: https://www.southeastlep.com/app/uploads/2019/11/Strategic-Board-Dec-2020-Draft-Minutes.pdf</p>						

SELEP – Local Growth Fund Project Background Information

Name of Project	Maidstone East Station Access Improvements (West Kent LSTF)																																		
	Kent County Council																																		
Description of what Project delivers	The project includes the refurbishment and extension of the station building to provide level access and additional booking hall space to cater for future growth, as well as a new tenancy and large public realm area fronting the station with clear pedestrian links to the town centre and additional cycle storage.																																		
Case for additional LGF funding	1) Impact of COVID-19 on construction - due to site shutdown during lockdown and subsequent required changes to working practices, completion of the EDGE Hub has been delayed by 5 months resulting in increased project management costs; 2) Changes to Health and Safety Regulations - changes to Health and Safety standards associated with ventilation have resulted in the need to design and implement enhanced ventilation systems; 3) Design changes - a number of required design changes have been identified as a consequence of planning control (e.g. roof top screening) and actual costs in excess of the original estimates (e.g. lab furniture) which have significantly increased the cost of the project; 4) Changes to delivery models and technology adoption as a result of COVID-19 - in order to meet changing business needs, it is necessary to invest in and harness advanced digital technologies. Additional funding is needed to develop immersive virtual engineering capabilities to support and enhance service offerings and delivery of education, apprenticeship training, research and business support during COVID-19 and post-COVID-19.																																		
Project benefits	The key benefits are: 1. The provision of a range of integrated smarter choice measures which will facilitate a substantial increase in the use of sustainable transport modes for journeys, in full or in part, to work or education, especially in the peak period. This will result in a variety of benefits including reduction in traffic noise, improvements to air quality, health benefits associated with increased physical activity and improved journey quality.																																		
Financial Information	Original LGF allocation: £1.246m Additional LGF funding requested: £0.153m, The total capital cost of the Project is £9.288m Project Spend Profile <table><tr><th colspan="7">Original project spend profile (£m)</th></tr><tr><th>Funding sources</th><th>Up to 2017/18</th><th>2018/19</th><th>2019/20</th><th>2020/21</th><th>2021/22</th><th>Total</th></tr><tr><td>Local Growth Fund</td><td>3.1</td><td>0.5</td><td>0.7</td><td>0.6</td><td></td><td>4.9</td></tr><tr><td>Private Sector</td><td>2.985</td><td>0.1</td><td>0.34</td><td>0.34</td><td></td><td>3.765</td></tr></table>							Original project spend profile (£m)							Funding sources	Up to 2017/18	2018/19	2019/20	2020/21	2021/22	Total	Local Growth Fund	3.1	0.5	0.7	0.6		4.9	Private Sector	2.985	0.1	0.34	0.34		3.765
Original project spend profile (£m)																																			
Funding sources	Up to 2017/18	2018/19	2019/20	2020/21	2021/22	Total																													
Local Growth Fund	3.1	0.5	0.7	0.6		4.9																													
Private Sector	2.985	0.1	0.34	0.34		3.765																													

	Kent County Council	0.12	0.35				0.47
	Total	6.205	0.95	1.04	0.94	0	9.135
	Revised project spend profile (£m)						
	Funding sources	Up to 2017/18	2018/19	2019/20	2020/21	2021/22	Total
	Local Growth Fund (LGF)	2.441	1.388	0.196	0.875		4.9
	Additional LGF				0.153		0.153
	Private Sector	2.985	0.1	0.34	0.34		3.765
	Kent County Council	0.17			0.3		0.47
	Total	5.596	1.488	0.536	1.668	0	9.288
Risks to project delivery	Proceeding without additional LGF will contravene corporate investment regulations as costs will be incurred without investment authority. This will mean purchase orders could not be raised, suppliers and contractors could not be paid and work will stop.						
Outcome of ITE Review	The increase in funding has a marginal effect on the BCR and as such the project continues to offer High Value for money with a high certainty of achieving this. Further information can be found in Appendix A						
Evidenced compliance with Assurance Framework?	Yes, the project does meet the requirements of the SELEP Assurance Framework.						
Link to Project webpage, application for additional LGF funding and Strategic Board decision	<p>Project page: https://www.southeastleap.com/project/west-kent-local-sustainable-transport-fund-lstf/</p> <p>Strategic Board decision to prioritise project for receipt of additional LGF funding: https://www.southeastleap.com/app/uploads/2019/11/Strategic-Board-Dec-2020-Draft-Minutes.pdf</p>						

SELEP – Local Growth Fund Project Background Information

Name of Project	A127 Essential Major Maintenance and The Bell Junction Improvement Southend-on-Sea Borough Council																																																																					
Description of what Project delivers	The A127 Essential Major Maintenance element of the project seeks to improve the condition and quality of the A127 from the borough boundary to Victoria Gateway in a cost-effective manner, addressing the results of years of underinvestment in highway infrastructure. The works involve strengthening the carriageway by filling voids below the concrete carriageway slabs, repairing concrete slabs and resurfacing to original levels. The works also involve repairing defective road drainage, safety barrier repairs and replacing defective lighting columns.																																																																					
Case for additional LGF funding	Additional investment is being sought for additional costs due to COVID-19 and also to support an increase in costs as works to fill voids below concrete carriageway slabs are more than was anticipated.																																																																					
Project benefits	Main construction commenced on 1 September 2020; the project can continue with construction but will not be able to deliver all the benefits stated within the Business Case. Which were: Junction improvements will help deliver improvement to access Southend Airport and new business park, which will provide commercial space and jobs. It will improve resilience of the existing road space Improve pedestrian/cycle improvements																																																																					
Financial Information	<p>Original LGF allocation: £10.9m</p> <p>Additional LGF funding requested: Part A - £0.207m (agreed in February 2021), Part B - £0.393m, Total £0.6m. The Board are asked to consider the award of Part A only at this time.</p> <p>The total capital cost of the Project is £12.282m.</p> <p>Project spend profile:</p> <table><tr><th colspan="7">Original project spend profile (£m)</th></tr><tr><th>Funding sources</th><th>2017/18</th><th>2018/19</th><th>2019/20</th><th>2020/21</th><th>2021/22</th><th>Total</th></tr><tr><td>Local Growth Fund</td><td>-</td><td>1.230</td><td>3.820</td><td>5.850</td><td>-</td><td>10.900</td></tr><tr><td>Southend-on-Sea BC</td><td>0.190</td><td>-</td><td>-</td><td>0.529</td><td>-</td><td>0.719</td></tr><tr><td>S106 contributions</td><td>-</td><td>-</td><td>0.063</td><td>-</td><td>-</td><td>0.063</td></tr><tr><td>Total</td><td>0.190</td><td>1.230</td><td>3.883</td><td>6.379</td><td>-</td><td>11.682</td></tr><tr><th colspan="7">Revised project spend profile (£m)</th></tr><tr><th>Funding sources</th><th>2017/18</th><th>2018/19</th><th>2019/20</th><th>2020/21</th><th>2021/22</th><th>Total</th></tr><tr><td>Local Growth Fund</td><td>Page 151 of 157</td><td>0.396</td><td>1.123</td><td>2.983</td><td>6.605</td><td>11.107</td></tr></table>							Original project spend profile (£m)							Funding sources	2017/18	2018/19	2019/20	2020/21	2021/22	Total	Local Growth Fund	-	1.230	3.820	5.850	-	10.900	Southend-on-Sea BC	0.190	-	-	0.529	-	0.719	S106 contributions	-	-	0.063	-	-	0.063	Total	0.190	1.230	3.883	6.379	-	11.682	Revised project spend profile (£m)							Funding sources	2017/18	2018/19	2019/20	2020/21	2021/22	Total	Local Growth Fund	Page 151 of 157	0.396	1.123	2.983	6.605	11.107
Original project spend profile (£m)																																																																						
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Local Growth Fund	Page 151 of 157	0.396	1.123	2.983	6.605	11.107																																																																

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

SELEP – Local Growth Fund Project Background Information

Name of Project	University of Essex Parkside Phase 3 Essex County Council																														
Description of what Project delivers	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.																														
Case for additional LGF funding	<p>As part of the University’s cash conservation strategy required to manage the impact of COVID-19, all major capital projects have had to be deferred apart from those projects already under construction, projects to provide dual mode delivery of the University’s curriculum or those necessary to assure the University’s business continuity. Parkside Phase 3 has been deferred.</p> <p>Parkside Phase 3 remains a key component of the vision for Knowledge Gateway development and one to which the University remains committed.</p> <p>Additional LGF investment is needed to help to cover increased contractor costs due to inflation and risk being factored into the price of the build and additional design costs that will ensure Parkside Phase 3 has the flexibility in design to adapt to changing market conditions, creating even greater confidence that the benefits set out in the Business Case can be delivered</p>																														
Project benefits	<p>→ Creation of 300 jobs by 2023 (assuming occupation of building immediately following completion);</p> <p>→ 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;</p> <p>→ Provide additional grow-on space to complement the current business eco-system available on Knowledge Gateway, including the Innovation Centre, further enabling the University to achieve its aim of developing Parkside into a technology cluster and SME hotspot;</p> <p>→ Facilitate recruitment of skilled graduates by businesses within the local economy;</p> <p>→ Overcome a shortage of private investment in office space suitable for businesses within the knowledge economy.</p>																														
Financial Information	<p>Original LGF allocation: £5m</p> <p>Additional LGF funding requested: £1.65m</p> <p>The total capital cost of the Project is £12.15m.</p> <p>Project spend profile:</p> <table><tr><th colspan="8">Original project spend profile (£m)</th></tr><tr><td>Funding sources</td><td>2018/19</td><td>2019/20</td><td>2020/21</td><td>2021/22</td><td>2022/23</td><td>2023/24</td><td>Total</td></tr><tr><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr></table>							Original project spend profile (£m)								Funding sources	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	Total								
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Funding sources	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	Total																								

	University of Essex	0.45	1.321	1.5	2.229			5.5
	LGF			5				5
	Total	0.45	1.321	6.5	2.229			10.5
	Revised project spend profile (£m)							
	Funding sources	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	Total
	University of Essex	0.28	0.44	0.87	0.44	2.33	1.14	5.5
	LGF				3.27	1.7	0.03	5
	Additional LGF					0.25	1.4	1.65
	Total	0.28	0.44	0.87	3.71	4.28	2.57	12.15
Risks to project delivery	<p>Tenant led changes as a result of a pre-let could affect project</p> <p>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.</p> <p>COVID-19 pandemic negatively affecting the project timetable</p>							
Outcome of ITE Review	<p>The additional funding increases the costs of the project from £10.5m up to £12.2m. The BCR remains above 2:1 and therefore offers high value for money with a high certainty of achieving this. Further in information can be found in Appendix A</p>							
Evidenced compliance with Assurance Framework?	<p>Yes, the project does meet the requirements of the SELEP Assurance Framework.</p>							
Link to Project webpage, application for additional LGF funding and Strategic Board decision	<p>Project page: https://www.southeastlep.com/project/university-of-essex-parkside-phase-3-colchester/</p> <p>Application for additional LGF funding: https://www.southeastlep.com/app/uploads/2020/10/Parkside-3-additional-LGF-Application.pdf</p> <p>Strategic Board decision to prioritise project for receipt of additional LGF funding: https://www.southeastlep.com/app/uploads/2019/11/Strategic-Board-Dec-2020-Draft-Minutes.pdf</p>							

SELEP – Local Growth Fund Project Background Information

Name of Project	<p>A13 Widening</p> <p>Thurrock Council</p>
Description of what Project delivers	<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>
Case for additional LGF funding	<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>
Project benefits	<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>
Financial Information	<p>Original LGF allocation: £80m</p> <p>Additional LGF funding requested: £1.0m,</p> <p>The total LGF allocation to the Project would increase to £82.5m if the additional £1m LGF were awarded under this report and £1.5m under agenda item 14.</p> <p>Additional project information can be viewed in the main report. Agenda item 5</p>
Risks to project delivery	<p>The COVID-19 pandemic has resulted in reduced capacity and delayed delivery, a shortage of materials and an increase in costs. Work has progressed onsite but there are still significant impacts on utility works and drainage particularly. There is a risk that this issue will continue to impact on the project.</p> <p>The COVID-19 Pandemic has added to the risk profile of the Project however, appropriate mitigations remain in place and are being managed. The re-negotiation of the commercial arrangements is an opportunity to further mitigate increases in costs and programme delays.</p>
Outcome of ITE Review	<p>Based on the original business case the project with a BCR of 1.7:1 represents medium value for money category. The scheme promoter has presented the scheme in conjunction with the delivery of the Lower Thames Crossing which increase the BCR to 2.5:1 which falls within the high value for money category. The ITE has pointed out that the Board should consider that the scheme on its own does not represent high value for money. Further detail can be found in Appendix A.</p>

Evidenced compliance with Assurance Framework?	Yes, the project does meet the requirements of the SELEP Assurance Framework.
Link to Project webpage, application for additional LGF funding and Strategic Board decision	<p>Project page: https://www.southeastlep.com/project/a13-widening/</p> <p>Application for additional LGF funding:</p> <p>Strategic Board decision to prioritise project for receipt of additional LGF funding: https://www.southeastlep.com/app/uploads/2019/11/Strategic-Board-Dec-2020-Draft-Minutes.pdf</p>

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

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

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

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