

ACCOUNTABILITY BOARD

10:00	Friday, 27 May 2022	Castalia Room, The Nucleus, Brunel Way, Dartford, Kent, DA1 5GA
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The meeting will be open to the public either in person, online or by telephone. Details about this are on the next page.

Quorum: 6 (to include 4 voting members)

Membership

Sarah Dance
Cllr Kevin Bentley
Cllr Roger Gough
Cllr Rodney Chambers
Cllr Keith Glazier
Cllr Mark Coxshall
TBC
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

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

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

How to take part in/watch the meeting:

Board members: should be attending in person in the Castalia Room, The Nucleus, Brunel Way, Dartford, Kent, DA1 5GA. Members that have arranged in advance to attend virtually as a non-voting participant will have received a personal email with their login details for the meeting. Contact Amy Ferraro -Governance Officer SELEP if you have not received your login.

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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.

		Pages
1	Welcome and Apologies for Absence	
2	Minutes 11.02.22	6 - 15
	To approve the minutes of the meeting held on 11 February 2022.	
3	Declarations of Interest	
	To note any declarations of interest to be made by Members in accordance with the Members' Code of Conduct	
4	Questions from the public	
	In accordance with the Policy adopted by the SELEP, a period of up to 15 minutes will be allowed at the start of every Ordinary meeting of the Accountability Board to enable members of the public to make representations. No question shall be longer than three minutes, and all speakers must have registered their question by email or by post with the SELEP Secretariat (hello@southeastlep.com) by no later than 10.30am on the Monday morning before the meeting. Please note that only one speaker may speak on behalf of an organisation, no person may ask more than one question and there will be no opportunity to ask a supplementary question.	
	On arrival, and before the start of the meeting, registered speakers must identify themselves to the Governance Officer for an in-person meeting, or the host of the meeting if it is being held virtually.	
	A copy of the Policy for Public Questions is made available on the SELEP website.	
5	Getting Building Fund update	16 - 35
6	Review of ongoing GBF projects	36 - 111
7	Local Growth Fund programme update	112 - 136

8	LGF high risk project update	137 - 152
9	Grays South LGF project update	153 - 182
10	London Gateway & Stanford le Hope Update Report	183 - 193
11	Queensway Gateway Road LGF Project Update	194 - 209
12	LGF Additional Funding Awards	210 - 227
13	Growing Places Fund Update	228 - 254
14	SELEP Finance Update	255 - 266
15	Operations Update	267 - 296
16	Date of Next Meeting	
	To note that the next meeting will be held on Friday 15 July venue to be confirmed.	
17	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.

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 in Ebbsfleet Room, Holiday Inn Express Dartford, University Way, Dartford, DA1 5PA on Friday, 11 February 2022

Present:

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

Also Present:

Marwa Al-Qadi	East Sussex County Council
Suzanne Bennett	SELEP
Amy Bernardo	Essex County Council
Steven Bishop	Steer
Christopher Broome	Sea Change Sussex
Adam Bryan	SELEP
Lee Burchill	Kent County Council
Paul Chapman	Essex County Council
Alex Colbran	East Sussex County Council
Howard Davies	SELEP
Richard Dawson	East Sussex County Council
Helen Dyer	SELEP
Sunny Ee	Medway Council
Stephanie Ennis	Essex County Council (Legal representative for the Accountable Body)
Amy Ferraro	SELEP
Chris MacDonald	Morgan Sindall
Stephanie Mitchener	Essex County Council (as delegated S151 Officer for the Accountable Body)
Kevin Munnelly	Thurrock Council
Lorna Norris	Essex County Council
Sarah Nurden	Kent County Council

Tim Rignall	Southend-on-Sea Borough Council
Keith Rumsey	Thurrock Council
Christopher Seamark	Kent County Council
Lisa Siggins	Essex County Council
Laura Wallis	Essex County Council
Robert Willis	Essex County Council

1 Welcome and Apologies for Absence

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

2 Minutes from the previous meeting

The minutes of the meeting held on Friday 19th November 2021 were agreed as an accurate record.

3 Declarations of Interest

Councillor Chambers declared a non-pecuniary interest in respect of agenda item 18 (Growing Places Fund Update) which concerned the Fitted Rigging House project at the Chatham Historic Dockyard, as he is a trustee of the Chatham Historic Dockyard. Consequently, Councillor Chambers did not vote on this item.

Sarah Dance declared a non-pecuniary interest in respect of agenda item 18 (Growing Places Fund update). This item referenced the package of works for which Medway Council has secured Levelling Up Fund funding and which includes the Docking Station. Sarah Dance is Chair of Creative Estuary who have invested in the development of the Docking Station project.

4 Questions from the public

There were none.

5 Getting Building Fund Capital Programme update

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

Councillor Wagland provided an update regarding the Jaywick Market and Commercial Space project, including the steps being taken to bridge the funding gap.

Simon Cook raised the issue of risks associated with the slippage of projects, it was confirmed a full assessment of options will be undertaken prior to the April Board meeting.

Resolved:

1. **To Note** the current forecast spend for the GBF programme for 2021/22 financial year of £53.569m, as set out in Table 1 of the report.

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

3. **To Note** the identified risk to the delivery of the Jaywick Market and Commercial Space project. Noting that a formal decision regarding the increase in project cost and ongoing assurance regarding the value for money offered by the Project will be sought from the Board in April 2022.

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

6 Management of GBF funding forecast for spend after 31 March 2022

The Board received a report from Helen Dyer, the purpose of which was for the Board to consider how to most effectively manage the Getting Building Fund (GBF) funding forecast for spend after March 2022, which is currently still held by Essex County Council, as the Accountable Body for SELEP.

Helen Dyer confirmed that option 2 (as set out in the report) was the recommended option as this should allow for Government expectations regarding the issue of the full GBF funding allocation to local partner authorities by 31 March 2022 to be met.

Resolved:

1. **To Note** that the maximum value of the GBF currently forecast to still be held by the Accountable Body at the end of 2021/22 is £19.278m, as set out in Table 1 of the report.

2. **To Agree** that the remaining GBF is transferred to local partners by 31 March 2022, subject to the outcome of the decisions set out in Table 2 and the application of specific funding conditions to a number of the projects, as set out in Table 3 of the report.

3. **To Agree** that the unspent GBF held by local partners at the end of 2021/22 must either be applied in line with the GBF SLA within their own local capital programme by 31 March 2022, as an Option 4 capital swap, or held as a ringfenced capital grant.

4. **To Agree** that where GBF that has already been transferred to local partners and remains unspent at the end of 2021/22, due to unplanned slippage of GBF from 2021/22 to 2022/23, this should be added to the value of the Option 4 capital swap or held by the local partner as a ringfenced capital grant, in line with the GBF SLA.

7 GBF Extensions beyond 31st March 2022

The Board received a report from Helen Dyer, the purpose of which was for the Board to consider whether the five projects outlined in the Section 9 of the report meet the conditions agreed in July 2021 for retention of their respective Getting Building Fund (GBF) allocations beyond 31 March 2022. The projects under consideration are: Laindon Place, Tendring Bikes and Cycle Infrastructure, First and Second Floors, Building 500, Discovery Park, Sandwich (Discovery Park Incubator), Romney Marsh Employment Hub and ASELA LFFN.

Councillor Gough provided an update regarding the Discovery Park Incubator project, confirming that following the tender process contractor appointments had been made. He advised that a further update will be given at the April Board meeting.

Councillor Gledhill provided an update regarding ASELA LFFN advising that any extension would be welcomed by both local businesses and residents.

Councillor Wagland spoke in support of the Laindon Place and Tendring Bikes and Cycle Infrastructure projects, advising that both projects are now far advanced and would benefit from any extension.

Resolved:

In respect of all the following projects: Laindon Place, Tendring Bikes and Cycle Infrastructure, First and Second Floors, Building 500, Discovery Park, Sandwich (Discovery Park Incubator), Romney Marsh Employment Hub and ASELA LFFN (*Note: separate decisions were taken for each of these projects*).

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

8 Getting Building Fund funding decisions

The Board received a report from Howard Davies, SELEP Capital Programme Officer and a presentation by Steer, the purpose of which was for the Board to consider the award of £891,000 Getting Building Fund (GBF) to the Princess Alexandra Hospital – relocation of post graduate medical centre, Food Street and Braintree – Active Travel projects as set out in Appendix B of the report.

Steven Bishop from Steer reminded the Board of the definition of Value for Money Exemption 1 as set out in the SELEP Assurance Framework.

Resolved:

1. To Agree the award of £500,000 GBF to Essex County Council for further award to The Princess Alexandra Hospital NHS Trust for the Princess Alexandra Hospital – relocation of post graduate medical centre project which has been assessed as offering High value for money with a Low/Medium certainty of

achieving this (Value for Money Exemption 1 applied), subject to Government approval of project inclusion within the GBF programme and submission of a completed Monitoring and Evaluation plan and Baseline report by 28 February 2022.

2. To Agree the award of £100,000 GBF to East Sussex County Council for further award to Eastbourne Borough Council for the Food Street project which has been assessed as offering High value for money with a High certainty of achieving this, subject to Government approval of project inclusion within the GBF programme.

3. To Agree the award of £291,000 GBF to Essex County Council for the Braintree – Active Travel project which has been assessed as offering High value for money with a Low/Medium certainty of achieving this (Value for Money Exemption 1 applied), subject to Government approval of project inclusion within the GBF programme.

9 Getting Building Fund funding decisions and extension requests

The Board received a report presented by Helen Dyer and a presentation by Steer, the purpose of which was for the Board to consider the award of £1,209,000 Getting Building Fund (GBF) to the Techfort and Seven Sisters Country Park visitor infrastructure uplift projects as set out in Appendix B of the report.

Helen Dyer indicated that Section 151 Officer sign off had not yet been received from Kent County Council in respect of the Techfort project and therefore it wasn't possible for the funding decision to be taken at this time. However, Councillor Gough advised that he had just received confirmation that the Business Case was now in a position to be signed off by the Section 151 Officer of Kent County Council. It was subsequently agreed that the signed Business Case had to be submitted to SELEP by close of business on 11 February 2022, which is reflected in the recommendation below.

Councillor Gough further explained all the difficulties that had been encountered and stressed the strength of the merits of the project, urging the Board to support option 1 as set out in the report.

Simon Cook raised a query regarding the implications if the funding was not awarded to support the two projects outlined in the report due to the identified risks. Helen Dyer confirmed that if the funding was not awarded at this meeting, then it would remain unallocated at 31 March 2022 (the official end of the Getting Building Fund programme) and that this was potentially a greater risk given Government's expectations regarding full release of the GBF funding to local partner authorities prior to the end of March 2022.

Resolved:
Techfort

To Agree the award of £1,009,000 GBF to Kent County Council for further award

to Dover Citadel Ltd for the Techfort project which has been assessed as offering High value for money with a Medium certainty of achieving this, subject to the Business Case signed off by the Section 151 Officer of Kent County Council being received by SELEP by close of business on 11 February 2022, Government approval of project inclusion within the GBF programme and confirmation of receipt of all outstanding consents including planning and Scheduled Monument Consent by 20 May 2022 and agree that the GBF funding can be retained against the project beyond March 2022 for a maximum period of 9 months, as an exception, subject to Strategic Board endorsement in March 2022.

Seven Sisters Country Park visitor infrastructure uplift project

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

10 Local Growth Fund Programme Update

The Board received a report from Helen Dyer, 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.

Resolved:

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

11 Grays South LGF High Risk Project Update

The Board received a report from Howard Davies, the purpose of which was for the Board to receive an update on the delivery of the Grays South project (the Project) which is considered to be high risk. Keith Rumsey, from Thurrock Council, was available to respond to any questions.

Councillor Gledhill gave the Board an update outlining the difficulties encountered advising that it was a complex project with many moving parts.

Resolved:

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

12 LGF high risk project update

The Board received a report from Howard Davies, the purpose of which was for the Board to receive an update on the delivery of the following Local Growth Fund (LGF) projects which are currently ranked as high risk: A13 Widening and A28 Sturry Link Road.

Resolved:A13 Widening

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

A28 Sturry Link Road

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

13 Maidstone ITP report

The Board received a report from Helen Dyer, the purpose of which was for the Board to receive an update on the delivery of the Maidstone Integrated Transport Package Local Growth Fund (LGF) project (the Project) which is currently ranked as high risk.

The Board were advised that listed building consent has not yet been secured to enable the relocation of the ragstone wall at Mote Park. A decision is due in the week following this meeting.

Cllr Gough provided an update on the latest project developments and indicated that it was hoped that there would be a successful resolution of the planning issue in the coming days.

Resolved:

1. **To Note** the update on project delivery.
2. **To Agree** to allow the Project until the April Board meeting (29 April 2022) to secure the listed building consent required to enable the relocation of the ragstone wall associated with Mote Park (required to enable delivery of Phase 1 of the Project).

3. **To Note** that a further delivery update will be brought to the April 2022 Board meeting, which will include confirmation as to whether the required consent to relocate the ragstone wall has been secured.

14 **LGF Additional Funding Awards Report**

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

15 **Queensway Gateway Road LGF Project Update**

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

Resolved:

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

16 **Stanford Le Hope Update Report**

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

Cllr Gledhill spoke about the complexities of the project and the changing context in light of the new Thames Freeport.

Resolved:

To Note the update on the project and progress towards the submission of an updated business case which sets out Value for Money and Benefits offered by the Project to be considered by the Board at the April 2022 Board meeting.

17 **M2 J5 Update**

The Board received a report from Helen Dyer, the purpose of which was to update the Board on the delivery of the M2 Junction 5 improvements Local Growth Fund (LGF) project (the Project).

Resolved:

To Note the update on project delivery.

18 Growing Places Fund programme update

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

Note: The repayment risk attached to the North Queensway project is shown as Amber in Appendix A as attached to this report. It is noted that the repayment risk for the project should be Green and that the final loan repayment will be made by 31 March 2022 as previously agreed by the Board.

Resolved:

1. **To Note** the updated position on the GPF programme.
2. **To Approve** the accelerated drawdown of funding for the No Use Empty Commercial Phase II project.
3. **To Approve** the revised repayment schedule for the Fitted Rigging House project and agree that, despite repayments not being made in line with the original repayment schedule, no interest will be charged on the loan.

19 SELEP Finance Update

The Board received a report from Lorna Norris, Senior Finance Business Partner, the purpose of which was for the Board to consider the latest financial forecast position for the SELEP Revenue budget for 2021/22.

Sarah Dance paid tribute to all the staff involved and the accountable body at Essex County Council for steering through a very challenging time, this was echoed by the Board.

Resolved:

1. **To Note** the current forecast net cost of services for 2021/22 is an under spend of £153,000;
2. **To Approve** the appropriation from the redundancy reserve of £112,493 to support the establishment of a provision for redundancy costs of the equivalent value.

20 Operations Update

The Board received a report from Suzanne Bennett, SELEP Chief Operating Officer, the purpose of which was for the Board to be updated on the operational activities carried out by the Secretariat to support both this Board and the Strategic Board. The report includes an update on the Annual Performance Review, risk management, compliance with the Assurance Framework and performance against governance KPIs.

It was acknowledged that due to delays in receiving information from Government regarding Growth Hub funding for 2022/23, there is a real risk that there will need to be a break in service.

In response to a question raised by Councillor Gough concerning the proposed wording regarding the maximum extension available to GBF projects in the Assurance Framework it was confirmed that, whilst this was the current position, Helen Dyer would be conducting a review of this policy and that an update would be provided at the April Board meeting.

Resolved:

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

21 Any other business

On behalf of the Board, the Chair passed on her thanks for her dedicated service to Suzanne Bennett who is leaving SELEP to join Braintree District Council.

Cllr Wagland raised the ongoing issues concerning the A127 Fairglens Junction Improvements project and the difficulties that are being encountered with securing Department for Transport (DfT) approval of the Full Business Case. Cllr Wagland indicated that steps were being taken to engage with DfT but sought support from the Board should further intervention be required.

Cllr Gough confirmed that the Techfort Business Case signed by the Kent County Council Section 151 Officer had been submitted to SELEP officers during the course of the meeting.

22 Date of next meeting

The Board noted that the next meeting will take place on Friday 29th April 2022, at Mid Kent College, Maidstone Campus.

There being no further business, the meeting closed at noon.

Chair

Forward plan reference numbers: FP/AB/502,
FP/AB/503, FP/AB504 and FP/AB/505

Report title: Getting Building Fund Capital Programme update	
Report to: Accountability Board	
Report author: Helen Dyer, SELEP Capital Programme Manager	
Meeting date: 27 May 2022	For: Decision
Enquiries to: helen.dyer@southeastlep.com	
SELEP Partner Authority affected: All	

1. Purpose of report

- 1.1. The purpose of this report is for the Accountability Board (the Board) to consider the overall position of the Getting Building Fund (GBF) capital programme. The report includes a request for the retention of GBF funding against one project beyond 31 March 2022 and provides an update on GBF spend to date.

2. Recommendations

- 2.1. The Board is asked to:

2.1.1. **Note** the current reported spend across the GBF programme for the 2021/22 financial year of £50.716m, as set out in Table 2.

2.1.2. Agree **one** of the following two options with regard to the Swan Modular Housing Factory, Basildon project:

Option 1

2.1.2.1. **Agree** the retention of the GBF funding beyond March 2022 against the project for a maximum period of 6 months, subject to Strategic Board endorsement at the June 2022 meeting; **OR**

Option 2

2.1.2.2. **Agree** that the GBF funding should not be retained against the project beyond March 2022 and that the project should be removed from the GBF programme and the full funding allocation returned to Essex County Council, as the Accountable Body for SELEP, within 4 weeks of this meeting for reallocation to alternative projects.

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

3. Summary Position

- 3.1. In November 2021, the Fast Track Business Solutions for the Hastings Manufacturing Sector project was removed from the GBF programme. This released £3.5m GBF for reallocation to alternative projects on the GBF prioritised project pipeline. £1.4m of this GBF funding was awarded to support The Amelia Scott project in November 2021, and the remaining £2.1m was awarded to support 5 new projects (Princess Alexandra Hospital – Relocation of post graduate medical centre, Food Street Eastbourne, Braintree – Active Travel, Seven Sisters Country Park Visitor Infrastructure Uplift and Techfort, Dover) during the February 2022 Board meeting.
- 3.2. In February 2022, £0.5m GBF was awarded to the Princess Alexandra Hospital – Relocation of post graduate medical centre subject to receipt of Government approval of project inclusion within the GBF programme and submission of a completed Monitoring and Evaluation plan and Baseline report by 28 February 2022. Both of these conditions have now been met and the funding was transferred to Essex County Council (as Upper Tier Local Authority) prior to the end of the 2021/22 financial year.
- 3.3. Following the award of funding to these projects, a very limited GBF prioritised project pipeline remains in place and consideration will be given to the ongoing need for GBF funding to support delivery of the remaining pipeline project. Whilst delivery of the GBF programme continues, there remains a risk that projects may be unable to deliver in accordance with their Business Cases, the requirements of the grant and the terms of the SELEP Assurance Framework. In light of the very limited prioritised project pipeline which remains in place, and to ensure timely investment of any GBF funding which is returned to SELEP, proposals for the investment of any GBF funding which becomes available will be presented to the Strategic Board in June 2022.
- 3.4. The delivery of the GBF projects will continue to be closely monitored following the formal end of the programme in March 2022, with any identified High risk projects being flagged to the Board.
- 3.5. In accordance with the decisions taken by the Board in July 2021, consideration is also being given to those projects which require the retention of GBF funding beyond 31 March 2022 to enable project delivery. A decision is sought regarding the retention of GBF funding beyond March 2022 against one project (Swan Modular Housing Factory, Basildon) at this meeting, with details provided in Section 5 of this report. One further project (Food Street, Eastbourne) has submitted a request for funding retention beyond March 2022. However due to clarifications that are still being sought, this has not been brought forward for decision at this meeting. A further update will be provided at the July 2022 Board meeting. Details of the request and the outstanding clarifications are set out in Section 5 of this report.

4. Getting Building Fund spend position

- 4.1. As reported at the September Board meeting, GBF spend in 2020/21 was significantly lower than forecast at the beginning of the GBF programme. Total GBF spend in 2020/21 was reported to be £13.614m, which left £71.386m to be spent in 2021/22. To date, forecast GBF spend in 2021/22 totals £50.716m. This leaves a forecast spend for 2022/23 of £20.735m.

- 4.2. Table 1 shows a breakdown of GBF spend in 2021/22 by local authority area and demonstrates the variance between forecast and actual spend for the financial year.

Table 1: Actual GBF spend in 2021/22 compared to forecast at start of financial year

GBF (£m)				
Local Authority	Forecast spend 2021/22	Reported spend 2021/22	Variance	Variance %
East Sussex	9.765	2.487	-7.277	-74.5%
Essex	22.750	14.677	-8.074	-35.5%
Kent	28.753	27.179	-1.575	-5.5%
Medway	2.563	2.563	0.000	0.0%
Southend-on-Sea	5.400	2.287	-3.113	-57.7%
Thurrock	2.154	1.523	-0.631	-29.3%
Total	71.386	50.716	-20.670	-29.0%

- 4.3. It should be noted that the forecast spend for 2021/22 for East Sussex County Council included full spend of the £3.5m GBF allocation awarded to the Fast Track Business Solutions for the Hastings Manufacturing Sector project, which was subsequently removed from the GBF programme. Similarly, the forecasts for Essex, Kent and East Sussex do not take into account the award of funding to the prioritised GBF pipeline projects which received funding in November 2021 and February 2022.
- 4.4. To date, the Board have agreed that 11 projects can retain their GBF funding beyond March 2022 for a maximum period of 6 months. In addition, in November 2021 the Board agreed that as an exception 2 projects (Acceleration of full-fibre broadband deployment in very rural or very hard to reach areas and Extension of the full-fibre broadband rollout in Essex to reach rural and hard to reach areas) can retain their GBF funding beyond March 2022 for a maximum period of 12 months. Furthermore, in February 2022 the Board agreed that, as an exception, the Techfort project could retain its' GBF funding beyond March 2022 for a maximum period of 9 months. This brought the total number of projects which have received approval for retention of their GBF funding allocation beyond March 2022 to 14.
- 4.5. The Board are asked to consider the retention of GBF funding beyond March 2022 against the Swan Modular Housing Factory project at this meeting. In addition, a request for retention of GBF funding against the Food Street project has been submitted but has not yet been presented to the Board due to the need for outstanding queries to be addressed, as set out in Section 5 of this report. If both requests are ultimately agreed by the Board, this would bring the total of projects retaining GBF funding beyond March 2022 to 16.

- 4.6. Table 2 below sets out the updated GBF spend forecast for 2022/23. This table takes into account the extended GBF spend profiles for all projects forecasting spend beyond March 2022.

Table 2: Summary GBF spend forecast - all years (£m)

GBF (£m)						
Local Authority	GBF Total Allocation	Actual spend 2020/21	Reported spend 2021/22	Forecast spend 2022/23	Total	% of GBF funding spent to date
East Sussex	8.220	1.656	2.487	4.078	8.220	50.4%
Essex	28.083	4.542	14.677	8.865	28.083	68.4%
Kent	37.428	6.201	27.179	4.048	37.428	89.2%
Medway	2.768	0.205	2.563	0.000	2.768	100.0%
Southend-on-Sea	5.400	0.000	2.287	3.113	5.400	42.3%
Thurrock	3.100	0.946	1.523	0.631	3.100	79.6%
Total	85.000	13.550	50.716	20.735	85.000	75.6%

- 4.7. GBF funding totalling £50.716m has been reported as spent in 2021/22, with the remaining £20.735m forecast to be spent in 2022/23.
- 4.8. Due to the timing of the reporting cycle, the final GBF spend figures for 2021/22 cannot be confirmed at this stage due to ongoing year end processes. Therefore, the 2021/22 year end position will be reported to the Board in July 2022.
- 4.9. To date 25 of the 41 projects which remain in the GBF programme have fully spent their GBF funding allocation. The remaining projects have either received approval for or have submitted requests for retention of their GBF funding allocation beyond March 2022.
- 4.10. 9 projects within the GBF programme have been reported as complete. A number of projects which have spent their full GBF allocation are ongoing due to spend of match funding contributions. This information is set out within Appendix C – Project deliverability and risk update.

5. Projects requesting approval for retention of GBF funding beyond March 2022

Background

- 5.1. In July 2021, the Board agreed SELEP's position on the retention of GBF funding against projects beyond 31 March 2022. The Board agreed that GBF funding could be retained against projects subject to certain criteria and conditions being satisfied. The agreed criteria and conditions were as follows:
- 5.1.1. The maximum extension offered to a GBF project is 6 months, to 30 September 2022.

- 5.1.2. Only projects which have been delayed by external factors which could not have been foreseen at the time of Business Case development can be considered for retention of GBF funding beyond 31 March 2022. External factors could relate to the impact of external agencies (i.e. Network Rail or Central Government departments) or failure of suppliers/contractors to deliver in accordance with an agreed programme.
- 5.1.3. Projects must demonstrate that they meet the following six conditions before the Board will be asked to consider approving retention of GBF funding beyond 31 March 2022:
 - 5.1.3.1. Provision of a clear delivery plan with specific delivery milestones and completion date to be agreed by the Board;
 - 5.1.3.2. Confirmation that all funding sources identified to enable delivery of the Project are in place and provision of an updated GBF spend profile;
 - 5.1.3.3. Written confirmation that all planning requirements will be met by 31 December 2021;
 - 5.1.3.4. Confirmation that contractual commitments will be in place with the construction contractor by 31 January 2022;
 - 5.1.3.5. Confirmation that the total project cost and the project benefits remain unchanged ensuring that the Project continues to offer High value for money;
 - 5.1.3.6. Endorsement from Strategic Board that the funding should be retained against the Project beyond 31 March 2022.
- 5.2. Any projects which receive approval from the Board to retain their GBF funding beyond 31 March 2022 will provide updates at each subsequent Board meeting to demonstrate that the project remains on track to meet the agreed extended GBF spend deadline.
- 5.3. It was recommended to the Board in July 2021 that, should any projects which do not meet the criteria outlined at Section 5.1 of this report seek an extension to GBF spend beyond 31 March 2022, the Board agree that the funding be reallocated to alternative projects which can meet the conditions and criteria agreed by the Board.
- 5.4. It should be noted that a review of all projects which are forecasting GBF spend in 2022/23 has been carried out, and this review included development of updated requirements for those projects to meet in order to continue to retain their GBF funding allocations. The review will be considered under Agenda Item 6 at this meeting. The Swan Modular Housing Factory and Food Street projects have been included within the review to ensure consistency across the entire GBF programme.

Swan Modular Housing Factory

- 5.5. The GBF funding awarded to the Swan Modular Housing Factory project is being used to support delivery of a modular housing factory in Basildon. The factory will deliver up to 1,000 homes per year from January 2024.
- 5.6. The Board approved the award of £4.53m GBF funding to support delivery of the project in November 2020. As agreed by the Board in February 2022, this funding has been transferred to Essex County Council, as the responsible Upper Tier Local Authority.
- 5.7. As delivery of the project has progressed, challenges have arisen as set out below:
- 5.7.1. Lead times on some items are now significantly longer than originally anticipated.
- 5.7.2. In some cases, where original quotes have lapsed, suppliers are requoting significantly higher prices. As a consequence, the scheme promoter has had to seek alternative suppliers, change to scope or develop alternative solutions so as to ensure project delivery can progress.
- 5.8. Due to the additional work required to address the issues outlined above, it became apparent in late 2021/22 that it would not be possible for the GBF funding to be spent in full by 31 March 2022 as originally intended. When the scale of the challenges was first identified the need to apply for a funding extension was flagged internally by the scheme promoter, however, by the time required internal processes had been completed the opportunity to apply for an extension at an earlier Board meeting had been missed.
- 5.9. The request from Swan Commercial Services seeks the retention of the GBF funding against the project for the maximum 6 month period allowed, to 30 September 2022.
- 5.10. Information has been provided to demonstrate how the Project meets the 6 conditions agreed by the Board in July 2021 for retention of GBF funding against the Project beyond 31 March 2022. This information is set out in Appendix D.
- 5.11. Delivery of the project is ongoing, with the majority of equipment orders expected to be placed by the end of May 2022. It is noted that the delivery and commissioning of the contracted services and purchased equipment presents the greatest risk to project delivery. However, at present, there is no indication that any of these are subject to an abnormal level of risk and the extended lead in times have been factored into the programme for project delivery.
- 5.12. The other identified significant risk to project delivery is the recruitment of the required workforce. It is noted by the scheme promoter that, in recent months, recruitment has become significantly more challenging as employment levels increase locally. To mitigate this the budget for recruitment has been increased and expectations regarding the duration of the recruitment process have been revised and factored into the updated project programme.
- 5.13. It is noted that the full 6 month extension allowed has been requested meaning that there is no scope for slippage within the updated programme if project completion is to be achieved by September 2022. Progress towards delivery of the project will be closely monitored if the Board agree the retention of the funding beyond March 2022.

- 5.14. If the Board do not agree that the GBF funding can be retained against the project beyond March 2022, the Board will be asked to agree that the project is removed from the GBF programme and that the full £4.3m GBF allocation be returned to the SELEP Accountable Body within 4 weeks of this meeting to allow reallocation of the funding to alternative projects.

Food Street

- 5.15. Food Street is an aspiration to develop a vibrant, independent food and drink-based economy at the seafront end of Terminus Road. It seeks to bring 5 refurbished (previously vacant) commercial units back into use as part of an enhanced commercial offer in Eastbourne Town Centre.
- 5.16. The Board approved the award of £0.1m GBF funding to support delivery of the project in February 2022. Following the completion of the required variation agreement, this funding was transferred to East Sussex County Council prior to the end of 2021/22 as per the decision taken by the Board in February 2022.
- 5.17. The Food Street project has been fully delivered in 2021/22. However, the necessary back-to-back agreement between East Sussex County Council and Eastbourne Borough Council was not completed by 31 March 2022. SELEP have been advised that this agreement was signed by both parties on 5 May 2022.
- 5.18. The GBF Service Level Agreement in place between SELEP Ltd, Essex County Council (as Accountable Body for SELEP) and East Sussex County Council requires that the Project Allocation be applied within the relevant financial year to a Project which has been approved by the Board.
- 5.19. At this time, it is understood that the Food Street project has completed with capital expenditure of £0.1m incurred by Eastbourne Borough Council in 2021/22 but that the GBF Project allocation has not been utilised against the project to date.
- 5.20. The Board should be aware that there are ongoing discussions between Eastbourne Borough Council and East Sussex County Council to clarify the position regarding the £0.1m GBF funding. Confirmation has not yet been received from Eastbourne Borough Council or East Sussex County Council as to whether the £0.1m can be applied within the financial year 2021/22 for delivery of this project.
- 5.21. The situation will be clarified by East Sussex County Council ahead of the July 2022 Board meeting and confirmation will be provided as to whether the £0.1m of GBF funding is still required to support the Food Street project. The Board will be provided with this update and further recommendations as appropriate at the July 2022 meeting.

6. Deliverability and Risk

- 6.1. Appendix C sets out a delivery update and risk assessment for all projects included in the GBF programme. This provides a detailed breakdown of the delivery progress for each project, relative to the expected completion dates, as set out in the original Business Cases.

- 6.2. The summary project risk assessment position is set out in Table 3 below. A score of 5 represents high risk (red) whereas a score of 1 represents low risk (green).
- 6.3. The risk assessment has been conducted for GBF projects based on:
- 6.3.1. **Delivery** – considers project delays and any delays to the delivery of the project outputs/outcomes. SELEP has considered the delay between the original expected project completion date (as stated in the project Business Case) and the updated forecast project completion date.
 - 6.3.2. To ensure consistency with Government guidance on the assessment of GBF project deliverability risk, all projects with a greater than 3 month delay are shown as having a risk of greater than 4 (Amber/Red), unless the project has now been delivered and there is no substantial impact on the expected project outcomes delivery.
 - 6.3.3. **Finances** – considers changes to project spend profiles, project budget, certainty of match funding contributions and amount of GBF spend forecast for and beyond the end of the formal GBF programme (where agreed by the Board).
 - 6.3.4. **Reputation** – considers the reputational risk for the delivery partner, relevant Upper Tier Local Authority and SELEP Ltd.

Table 3: Summary of GBF project risk

Risk Score	Number of projects	GBF allocation to projects (£m)	GBF spend forecast in 2022/23
Low Risk - 1	13	30.716	0.000
Low/Medium Risk - 2	11	24.511	0.631
Medium Risk - 3	6	7.345	3.451
Medium/High Risk - 4	4	10.200	7.183
High Risk - 5	7	12.229	9.470
Total	41	85.000	20.735

- 6.4. In total £12.229m GBF is allocated to High risk projects, with £9.470m of this funding unspent at the end of Q4 2021/22.
- 6.5. A number of projects are considered to present a High financial risk due to the profiling of the GBF funding. Projects which are forecasting a high proportion of GBF spend beyond the end of the formal GBF programme have been assessed as Medium/High Risk or High Risk. If delivery is progressing to programme, these projects are not automatically assumed to be High Risk in all areas and are therefore not all reflected within the seven High Risk projects identified in Table 3. These projects will be monitored closely, and the Board will be updated if, due to deliverability concerns, the overall project RAG rating increases.

- 6.6. The seven High Risk projects identified in Table 3 are:
- 6.6.1. UTC Maritime and Sustainable Technology Hub
 - 6.6.2. Riding Sunbeams Solar Railways
 - 6.6.3. Food Street, Eastbourne
 - 6.6.4. Jaywick Market and Commercial Space
 - 6.6.5. Swan Modular Housing Factory
 - 6.6.6. Laindon Place
 - 6.6.7. Techfort
- 6.7. Food Street, Eastbourne and the Swan Modular Housing Factory projects are considered to be High risk as requests to retain the GBF funding beyond March 2022 have been submitted but not yet determined by the Board. The request for retention of the GBF funding against the Swan Modular Housing Factory project is set out in Section 5 of this report, alongside an update on the Food Street project.
- 6.8. Updates on all seven High risk projects are provided under Agenda Item 6.

7. GBF Programme Risks

- 7.1. In addition to project specific risks, Appendix B sets out the overall programme risks. The main risk relates to the affordability of the GBF projects following widespread reports of increased materials and labour costs following the COVID-19 pandemic. This has been further exacerbated by extended lead in times for some materials, rising inflation and extended response times from utility providers and other statutory bodies. These factors have led to a delay in delivery for a number of the GBF projects and have resulted in a number of projects having to seek additional funding to bridge a funding gap which wasn't expected at the outset of the programme.
- 7.2. In addition, the economic impacts of the COVID-19 pandemic present a significant risk to the delivery of the benefits expected through the GBF investment. It is anticipated that the benefits realised through the GBF funding will be realised at a slower rate than expected, with some projects potentially reporting reduced benefits. This risk will be closely monitored as the programme reaches a conclusion.

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 all of its GBF allocation from MHCLG and this funding was transferred in full to Partner authorities to support delivery of the Projects by the end of 2021/22.
- 8.2. Essex County Council, as the Accountable Body, is responsible for ensuring that the GBF funding is utilised in accordance with the conditions set out by Government for use of the

Grant. This is managed through a Service Level Agreement (SLA) that is in place with each Partner Authority and sets out the conditions of the grant.

- 8.3. The SLA in place between Essex County Council, as the Accountable Body, East Sussex County Council and SELEP Ltd states that the Project Allocation can only be used for the purposes of delivery of the agreed project, unless agreed prior to the change, by the Accountability Board. At the timing of writing, confirmation of this has not been provided in relation to the Food Street project, which it is understood has completed in 2021/22. If the GBF funding allocated by the Board has not been utilised for delivery of the Food Street project, this may require the unspent GBF which has been transferred in 2021/22, to be returned by East Sussex County Council to Essex County Council, as the Accountable Body. The Board will receive an update and asked to consider recommendations relating to the project at the July 2022 meeting.
- 8.4. GBF is allocated through a grant determination from MHCLG (now Department of Levelling Up, Housing and Communications) via section 31 of the Local Government Act 2003; this is subject to the following condition:
- The grant may be used only for the purposes that a capital receipt may be used for, in accordance with regulations made under section 11 of the Local Government Act 2003.*
- 8.5. Should the funding not be utilised in accordance with the conditions, Government may request return of the funding, or withhold future funding streams.
- 8.6. The grant conditions do not impose an end date for use of the funding, albeit that it was the expectation of Government that all funding is defrayed by 31 March 2022.
- 8.7. SELEP has previously discussed the proposed approach regarding the retention of GBF funding beyond March 2022 with Government and it was confirmed that no additional governance or approvals would be required from Government in this respect. The SELEP is permitted to use its freedoms and flexibilities, within the conditions of the grant.
- 8.8. The latest forecast (table 2) indicates that £20.735m of the total £85m GBF allocation will be spent after 31 March 2022. As the conditions of the grant from Government do not include an end date, there is no risk of clawback by Government due to spend beyond 31 March 2022; however, there is reputational risk to SELEP and potential risk to future funding streams where defrayal of funding and delivery cannot be demonstrated – Government review this as part of the Annual Performance Review of LEPs in advance of confirming funding for the forthcoming year.
- 8.9. With the remaining balance of GBF for each project having been transferred in advance to the Local Authorities, there is a requirement for the Board to continue to effectively monitor the progress of the GBF projects in order to provide assurance of delivery in line with the agreed business cases.
- 8.10. The ongoing monitoring of potential risks which may impact delivery of GBF projects along with proposed mitigations, is essential for the Board to be updated on and to understand

due to the current uncertain economic climate and increasing inflation, together with ongoing impacts experienced following Covid-19 pandemic and Brexit.

9. Legal Implications (Accountable Body comments)

- 9.1. The funding is administered in accordance with the Service Level Agreements in place between Essex County Council, as Accountable Body of SELEP, SELEP Ltd and the Partner Authority. If any Projects are cancelled at a later date, the provisions set out with the SLA will be activated, and Essex County Council will work with the Partner Authorities to recover any abortive revenue costs.

10. Equality and Diversity Implications

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

11. List of Appendices

- 11.1. Appendix A – GBF Spend Position
- 11.2. Appendix B – Programme Risk Register
- 11.3. Appendix C - Project deliverability and risk update
- 11.4. Appendix D – Compliance with conditions for GBF retention beyond 31 March 2022

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

Getting Building Fund Capital Programme Update

Role	Date
Accountable Body sign off Stephanie Mitchener (on behalf of Nicole Wood, S151 Officer, Essex County Council)	 19/05/2022

Appendix A - GBF Spend Position														
Project Number	Project Name	GBF Allocation (£)	2020/21 Actual	Q1 2021-22	Q2 2021-22	Q3 2021-22	Q4 2021-22	2021/22 Actual	Q1 2022/23	Q2 2022/23	Q3 2022/23	Q4 2022/23	2022/23 Forecast	Total Actual + Forecast
	East Sussex													
GBF002	Fast Track Business Solutions for the Hastings Manufacturing Sector - project removed from GBF programme													
GBF003	Restoring the Glory of the Winter Garden	1,600,000	577,764	226,599	420,859	246,753	128,024	1,022,236						1,600,000
GBF004	The Observer Building, Hastings (Phase 2) Option A	1,713,000	934,678		228,313	125,465	424,544	778,322						1,713,000
GBF009	Charleston's access road: removing the barrier to growth	329,835			142,941	47,096	139,798	329,835						329,835
GBF010	Creative Hub, 4 Fisher Street, Lewes	250,000	143,116	89,431	17,453			106,884						250,000
GBF011	Riding Sunbeams Solar Railways	2,527,500		50,000				50,000	1,591,651	885,849			2,477,500	2,527,500
GBF012	Sussex Innovation Falmer - Covid Secure adaptations-	200,000		155,810	44,190			200,000						200,000
GBF013	UTC Maritime & Sustainable Technology Hub	1,300,000							644,257	655,743			1,300,000	1,300,000
GBF039	Food Street, Eastbourne	100,000							100,000				100,000	100,000
GBF040	Seven Sisters Country Park Visitor Infrastructure Uplift	200,000							100,000	100,000			200,000	200,000
		8,220,335	1,655,558	521,841	853,757	419,314	692,366	2,487,277	2,435,908	1,641,592			4,077,500	8,220,335
	Essex													
GBF005	Acceleration of full-fibre broadband deployment in very rural or very hard-to reach premises	680,000							372,980	155,375	151,645		680,000	680,000
GBF006	Extension of the full-fibre broadband rollout in Essex to reach rural and hard to reach premises	1,820,000							305,152	626,876	868,327	19,645	1,820,000	1,820,000
GBF014	Enterprise Centre for Horizon 120 Business Park	7,000,000	967,422		1,458,670	1,213,675	3,360,233	6,032,578						7,000,000
GBF015	Harlow Library	977,000			90,349	509,859	376,792	977,000						977,000
GBF016	Jaywick Market & Commercial Space	1,972,000					243,636		584,238	1,144,126			1,728,364	1,972,000
GBF017	Labworth Car Park, Canvey Island modernisation	700,000	326,888	371,297	1,815			373,112						700,000
GBF018	Modus	1,960,000	1,960,000											1,960,000
GBF019	Nexus	1,600,000				299,798	1,300,202	1,600,000						1,600,000
GBF020	Remodelling of buildings at Harlow College to provide new 'T'-levels	1,500,000	24,328	31,470		942,256	501,946	1,475,672						1,500,000
GBF021	Rocheway	713,000	218,498		494,502			494,502						713,000
GBF022	Swan modular housing factory	4,530,000	1,044,405		504,811	273,177	642,461	1,420,449	1,294,220	770,926			2,065,146	4,530,000
GBF023	Tendring Bikes & Cycle Infrastructure	2,300,000					518,887		781,113	1,000,000			1,781,113	2,300,000
GBF024	Tindal Square, Chelmsford	750,000					750,000	750,000						750,000
GBF035	Laindon Place	790,000							200,000	590,000			790,000	790,000
GBF041	Princess Alexandra Hospital Training and Education Facility	500,000					500,000	500,000						500,000
GBF042	Braintree Active Travel	291,000					291,000	291,000						291,000
		28,083,000	4,541,541	402,767	2,550,147	3,238,765	8,485,157	14,676,836	3,537,703	4,287,303	1,019,972	19,645	8,864,623	28,083,000
	Kent													
GBF001	Digitally Connecting Rural Kent and Medway	2,290,152		121,096	67,623	242,828	1,858,605	2,290,152						2,290,152
GBF025	Javelin Way Development	578,724	578,724											578,724
GBF026	Romney Marsh Employment Hub	3,536,466			435,000	533,995	1,816,775	2,785,770	425,348	325,348			750,696	3,536,466
GBF027	Thanet Parkway Railway Station	11,999,000	3,162,699	3,536,934	1,359,963	370,563	3,568,841	8,836,301						11,999,000
GBF028	First and Second Floors, Building 500, Discovery Park, Sandwich	2,500,000				211,398		211,398	169,000	1,000,000	1,119,602		2,288,602	2,500,000
GBF029	New Performing & Production Digital Arts Facility @ North Kent College	12,301,796	2,459,825	2,519,264	2,928,439	2,769,601	1,624,667	9,841,971						12,301,796
GBF030	The Meeting Place Swanley	1,490,000				607,530	882,470	1,490,000						1,490,000
GBF036	St George's Creative Hub	323,204				11,060	13,204	323,204						323,204

Appendix A - GBF Spend Position														
Project Number	Project Name	GBF Allocation (£)	2020/21 Actual	Q1 2021-22	Q2 2021-22	Q3 2021-22	Q4 2021-22	2021/22 Actual	Q1 2022/23	Q2 2022/23	Q3 2022/23	Q4 2022/23	2022/23 Forecast	Total Actual + Forecast
GBF038	The Amelia Scott	1,400,000					1,400,000	1,400,000						1,400,000
GBF043	Techfort	1,009,000							429,000	328,000	252,000		1,009,000	1,009,000
		37,428,342	6,201,248	6,177,294	4,791,025	5,045,915	11,164,563	27,178,796	1,023,348	1,653,348	1,371,602		4,048,298	37,428,342
	Medway													
GBF007	Britton Farm Redevelopment Learning, Skills & Employment Hub	1,990,000	205,157	147,999	156,512	564,867	915,465	1,784,843						1,990,000
GBF037	Innovation Park Medway - Sustainable City of Business	778,323					778,323	778,323						778,323
		2,768,323	205,157	147,999	156,512	564,867	1,693,788	2,563,166						2,768,323
	Southend													
GBF031	Better Queensway	4,200,000					2,286,658	2,286,658	250,000	1,663,342			1,913,342	4,200,000
GBF032	South Essex No Use Empty	1,200,000							300,000	900,000			1,200,000	1,200,000
		5,400,000					2,286,658	2,286,658	550,000	2,563,342			3,113,342	5,400,000
	Thurrock													
GBF008	LFFN	2,500,000	946,218	501,191	330,000	91,666		922,857	630,925				630,925	2,500,000
GBF034	Transport and Logistics Institute	600,000		469,500	130,500			600,000						600,000
		3,100,000	946,218	970,691	460,500	91,666		1,522,857	630,925				630,925	3,100,000
	Total	85,000,000	13,549,722	8,220,591	8,811,941	9,360,527	24,322,532	50,715,590	8,177,884	10,145,585	2,391,574	19,645	20,734,688	85,000,000

Appendix B - GBF Programme Risks (High Risks only)

Risk	Description	Risk Impact	Risk Probability	Overall Risk	Mitigation
Affordability of GBF projects	There have been widely reported increases in materials costs as a result of COVID-19 and Brexit. These increases alongside rising inflation has resulted in significant cost increases across the programme. This may impact on the deliverability of the project as set out in the Business Case.	4	5	20	<p>The risk of project cost increases sits with the local authority partners and as such, SELEP encourages all partner authorities to review the financial position of all GBF projects.</p> <p>Early engagement with contractors and the supply chain is advised.</p>
Operational budgets	Given the current financial climate, there may be financial challenges to the future operation of GBF projects by the private sector, including Higher Education Institutions and Further Education providers. As well as impacting the delivery stage of the projects, this is also likely to impact the operation of the projects once delivered and impact the scale/pace of benefits realisation through the project.	4	4	16	<p>As part of the business case assessment, scheme promoters are required to provide information about the commercial operation of the project post delivery.</p> <p>Any changes to the feasibility of projects to proceed will be monitored and reported to the Board.</p>
Extended delivery programmes	<p>As a result of the COVID-19 pandemic, there are longer than expected lead-in times for certain materials which could adversely impact on delivery programmes.</p> <p>In addition, extended response times from utility providers and other statutory organisations have been reported which are impacting on project delivery.</p> <p>Labour supply issues have also been reported due to the number of projects which were delayed due to the COVID-19 pandemic.</p>	4	4	16	<p>Early engagement with contractors and the supply chain is advised to ensure that materials are ordered as early as possible in the programme to minimise delay in delivery.</p> <p>Utility providers and other statutory organisations should be engaged at the outset of the project and time built into the programme for this engagement to minimise delays to delivery.</p>
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.

Appendix B - GBF Programme Risks (High Risks only)

Risk	Description	Risk Impact	Risk Probability	Overall Risk	Mitigation
Delivery of GBF project benefits	The economic impact of COVID-19 is likely to reduce the benefits achieved through GBF investment, or at least slow the pace of benefit realisation. This could reduce the value for money achieved through the delivery of the GBF programme.	3	5	15	Any changes to benefits achieved through GBF investment will be monitored and reported to the Board and decisions will need to be made as to whether projects still offer high value for money. Any changes will also need to be agreed with Central Government.
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	3	12	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 the project has been spent.
Supply Chain Risk	Private sector companies within the supply chain may be vulnerable to the current economic situation, particularly as the furlough scheme ends. If companies go into financial difficulty or liquidation, this will impact project delivery timescales and costs.	4	3	12	SELEP encourages local authorities to complete additional financial checks for contractors and sub-contractors prior to entering into any new contracts and reviewing the financial position as part of the contract management for existing contracts.

Appendix C - Getting Building Fund Delivery and Risk																
Project	Deliverability								Financial							
	Accountability Board approval	Project Delivery Status	GBF Spend Status	Expected completion date (per Business Case)	Expected completion date (Dec-2021)	Expected completion date (Apr-2022)	Months delay (since Business Case)	Months delay (since last update)	GBF Allocation (£)	Actual spend 2020/21 (£)	Actual spend 2021/22 (£)	Forecast spend 2022/23 (£)	Financials RAG rating	Deliverability risk RAG rating	Reputational risk RAG rating	Overall
East Sussex																
Restoring the Glory of the Winter Garden	Oct-20	In Construction	Complete	May-22	May-22	Jul-22	2	2	1,600,000	577,764	1,022,236		1	2	1	1
The Observer Building, Hastings (Phase 2) Option A	Oct-20	In Construction	Complete	Dec-22	Dec-22	Dec-22			1,713,000	934,678	778,322		1	2	2	2
Charleston's access road: removing the barrier to growth	Nov-20 and Jul-21	In Construction	Complete	Mar-21	Mar-22	May-22	13	2	329,835		329,835		1	4	3	3
Creative Hub, 4 Fisher Street, Lewes	Nov-20	Completed	Complete	Apr-21	Sep-21	Sep-21	5		250,000	143,116	106,884		1	1	1	1
Riding Sunbeams Solar Railways	Nov-20	In Design	Ongoing	Mar-22	Sep-22	Sep-22	6		2,527,500		50,000	2,477,500	5	5	5	5
Sussex Innovation Falmer - Covid Secure adaptations	Nov-20	In Construction	Complete	Mar-21	Mar-22	May-22	13	2	200,000		200,000		1	4	2	2
UTC Maritime & Sustainable Technology Hub	Nov-20	In Design	Ongoing	Mar-22	Mar-23	Mar-23	12		1,300,000			1,300,000	5	5	4	5
Food Street, Eastbourne	Feb-22	Completed	Ongoing	Mar-22	Mar-22	Apr-22		1	100,000			100,000	5	5	4	5
Seven Sisters Country Park Visitor Infrastructure Uplift	Feb-22	In Design	Ongoing	Sep-22	Sep-22	Sep-22			200,000			200,000	5	3	2	3
Essex																
Acceleration of full-fibre broadband deployment in very rural or very hard-to reach premises	Oct-20	In progress	Ongoing	Jun-21	Mar-23	Mar-23	21		680,000			680,000	5	4	1	3
Extension of the full-fibre broadband rollout in Essex to reach rural and hard to reach premises	Oct-20	In progress	Ongoing	Dec-21	Mar-23	Mar-23	15		1,820,000			1,820,000	5	4	1	3
Enterprise Centre for Horizon 120 Business Park	Nov-20	In Construction	Complete	Jun-22	Jun-22	Jun-22			7,000,000	967,422	6,032,578		1	1	1	1
Harlow Library	Nov-20	In Construction	Complete	Oct-21	Feb-22	May-22	6	3	977,000		977,000		1	2	2	2
Jaywick Market & Commercial Space	Nov-20	In Construction	Ongoing	Mar-22	Sep-22	Mar-23	11	6	1,972,000		243,636	1,728,364	5	5	4	5
Labworth Car Park, Canvey Island modernisation	Nov-20	Completed	Complete	Jun-21	Aug-21	Aug-21	2		700,000	326,888	373,112		1	1	1	1
Modus	Nov-20	Completed	Complete	Mar-21	Mar-21	Mar-21			1,960,000	1,960,000			1	1	1	1
Nexus	Nov-20	In Construction	Complete	Jun-21	Mar-22	May-22	10	2	1,600,000		1,600,000		1	4	1	2
Remodelling of buildings at Harlow College to provide new 'T'-levels	Nov-20	Completed	Complete	Mar-21	Mar-22	Mar-22	12		1,500,000	24,328	1,475,672		1	1	1	1
Rocheway Independent Living	Nov-20	In Construction	Complete	Dec-22	Dec-22	Dec-22			713,000	218,498	494,502		1	2	2	2
Swan modular housing factory	Nov-20	In Construction	Ongoing	Mar-24	Mar-24	Mar-24			4,530,000	1,044,405	1,420,449	2,065,146	4	5	5	5
Tendring Bikes & Cycle Infrastructure	Nov-20	In Construction	Ongoing	Mar-22	Sep-22	Sep-22	6		2,300,000		518,887	1,781,113	5	4	2	4
Tindal Square, Chelmsford	Nov-20	In Construction	Complete	Mar-22	Mar-22	Aug-22	4	5	750,000		750,000		1	2	3	2
Laindon Place	Mar-21	In Design	Ongoing	Mar-22	Sep-22	Sep-22	6		790,000			790,000	5	5	4	5
Princess Alexandra Hospital Training and Education Facility	Feb-22	In Construction	Complete	Feb-22	Feb-22	May-22	2	3	500,000		500,000		1	2	1	1
Braintree Active Travel	Feb-22	In Design	Complete	Sep-22	Sep-22	Sep-22			291,000		291,000		1	2	1	1
Kent																
Digitally Connecting Rural Kent and Medway	Sep-20	Completed	Complete	Mar-22	Mar-22	Mar-22			2,290,152		2,290,152		1	1	1	1
Javelin Way Development	Nov-20	In Construction	Complete	Mar-22	Mar-22	Jun-22	3	3	578,724	578,724			1	3	3	2
Romney Marsh Employment Hub	Nov-20	In Construction	Ongoing	Feb-22	May-22	Jun-22	3	1	3,536,466		2,785,770	750,696	3	3	3	3
Thanet Parkway Railway Station	Nov-20	In Construction	Complete	Dec-22	Dec-22	Mar-23	2	3	11,999,000	3,162,699	8,836,301		1	3	2	2
First and Second Floors, Building 500, Discovery Park, Sandwich	Nov-20	In Construction	Ongoing	Jul-21	Sep-22	Oct-22	15		2,500,000		211,398	2,288,602	5	4	2	4

Project	Deliverability								Financial					Deliverability risk RAG rating	Reputational risk RAG rating	Overall
	Accountability Board approval	Project Delivery Status	GBF Spend Status	Expected completion date (per Business Case)	Expected completion date (Dec-2021)	Expected completion date (Apr-2022)	Months delay (since Business Case)	Months delay (since last update)	GBF Allocation (£)	Actual spend 2020/21 (£)	Actual spend 2021/22 (£)	Forecast spend 2022/23 (£)	Financials RAG rating			
New Performing & Production Digital Arts Facility @ North Kent College	Nov-20	In Construction	Complete	Feb-22	Mar-22	May-22	2	2	12,301,796	2,459,825	9,841,971		1	2	1	1
The Meeting Place Swanley	Nov-20	In Construction	Complete	May-22	Jun-22	Aug-22	2	2	1,490,000		1,490,000		1	2	2	2
St George's Creative Hub	Mar-21	Completed	Complete	Jun-21	Dec-21	Dec-21	6		323,204		323,204		1	1	1	1
The Amelia Scott	Nov-21	Completed	Complete	Mar-22	Mar-22	Mar-22			1,400,000		1,400,000		1	1	2	1
Techfort	Feb-22	In Design	Ongoing	Sep-22	Sep-22	Sep-22			1,009,000			1,009,000	5	5	4	5
Medway																
Britton Farm Redevelopment Learning, Skills & Employment Hub	Sep-20	In Construction	Complete	Mar-22	Mar-22	Jul-22	3	4	1,990,000	205,157	1,784,843		1	2	2	2
Innovation Park Medway - Sustainable City of Business	Jul-21	In Construction	Complete	Mar-22	Nov-22	Mar-23	11	4	778,323		778,323		1	4	3	3
Southend																
Better Queensway	Nov-20	In Design	Ongoing	Mar-34	Mar-34	Mar-34			4,200,000		2,286,658	1,913,342	5	4	4	4
South Essex No Use Empty	Nov-20	In progress	Ongoing	Mar-22	Sep-22	Sep-22	6		1,200,000			1,200,000	5	4	2	4
Thurrock																
LFFN	Oct-20	In progress	Ongoing	Feb-22	May-22	Jun-22	3	1	2,500,000	946,218	922,857	630,925	3	2	2	2
Transport and Logistics Institute	Nov-20	Completed	Complete	Aug-21	Dec-21	Dec-21	4		600,000		600,000		1	1	1	1
TOTAL									85,000,000	13,549,722	50,715,590	20,734,688				

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

Swan Modular Housing Factory				
Extension requested: 6 months				
Responsible Upper Tier Local Authority: Essex County Council				
Provision of a clear delivery plan with specific delivery milestones and completion date to be agreed by the Board				
The updated programme for the Project is as follows:				
Milestone		Expected completion date		
Completion of factory welfare facilities and mezzanine floor. Installation of small power, data network and lighting		April 2022		
Completion of installation and commissioning of equipment and machinery		May 2022		
Recruitment and training of employees		June 2022		
Commencement of manufacturing in factory		July/August 2022		
Confirmation that all funding sources identified to enable delivery of the Project are in place and provision of an updated GBF spend profile				
All funding sources are in place to enable project delivery and remain as set out in the project Business Case.				
The updated GBF spend profile is as follows (£):				
2020/21	2021/22	Q1 2022/23	Q2 2022/23	Total
1,044,405	1,420,449	1,294,220	770,926	4,530,000
Written confirmation that all planning requirements will be met by 31 December 2021				
All works are subject to a revised F10 (Notification of Construction Project to the Health and Safety Executive) which has been submitted. The works being implemented fall within the scope of what has previously been permitted. It is not anticipated that any further consents are required to finish the works and regular contact with Building Control is being maintained for elements of works that appropriately require their input and sign off.				
Confirmation that contractual commitments will be in place with the construction contractor by 31 January 2022				
Contractual commitments for the main works are already in place and being executed.				
Auxiliary contracts for items such as small power, lighting, IT and CCTV were put in place by the end of March 2022.				
Confirmation that the total project cost and the project benefits remain unchanged ensuring that the Project continues to offer High value for money				

The Benefit Cost Ratio, from the original submission, was 4.2:1 for the preferred option. As the total expenditure is anticipated to be the same, just spread over a longer period, and the benefits derived are anticipated to be at least as good as in the original proposal, the BCR will be maintained.
Endorsement from Strategic Board that the funding should be retained against the Project beyond 31 March 2022
Subject to Board approval, Strategic Board endorsement will be sought in June 2022.

Forward plan reference numbers: FP/AB/506,
FP/AB/507, FP/AB/508, FP/AB/509,
FP/AB/510

Report title: Review of projects with GBF funding forecast for spend after March 2022	
Report to: Accountability Board	
Report author: Helen Dyer, SELEP Capital Programme Manager	
Meeting date: 27 May 2022	For: Decision
Enquiries to: helen.dyer@southeastlep.com	
SELEP Partner Authority affected: East Sussex, Essex, Kent, Southend and Thurrock	

1. Purpose of report

- 1.1. The purpose of this report is for the Accountability Board (the Board) to consider how to most effectively manage the ongoing Getting Building Fund (GBF) projects which have GBF spend forecast for after March 2022.
- 1.2. In April 2022, an indicative outcome of SELEP's 2021/22 Annual Performance Review (APR) with Government was received and a concern regarding the amount of GBF funding which remained unspent at the start of Q4 2021/22 was raised. It is intended that this report will set out the mechanism by which the remaining GBF projects will be managed to ensure timely spend of the remaining GBF funding and completion of the programme in order to mitigate the concerns raised by Government.
- 1.3. The report also provides the Board with an update on those projects which are subject to funding conditions or which had conditions applied to the release of the remaining GBF funding as agreed by the Board in February 2022.

2. Recommendations

- 2.1. The Board are asked to:

- 2.1.1. Agree **one** of the following two options with regard to the UTC Maritime and Sustainable Technology Hub project:

Option 1 (RECOMMENDED OPTION)

- 2.1.1.1. **Agree** to extend the deadline for acquisition of the lease to 15 July 2022 (the next Board meeting).
 - 2.1.1.2. **Agree** that GBF spend on the project should be placed on hold until the increase in total project cost can be confirmed and it can be demonstrated that the project continues to offer High value for money; and Page 36 of 241

- 2.1.1.3. **Note** that a Project Change request which confirms the total project cost increase and the Value for Money offered by the project will be presented to the Board in July 2022; **OR**

Option 2

- 2.1.1.4. **Agree** that, as the project has not met the condition attached to the release of the remaining GBF funding, and a further delay in acquiring the lease has been reported that the project should be removed from the GBF programme and £1.3m GBF funding awarded should be returned to Essex County Council (as Accountable Body for SELEP) within 4 weeks of this meeting for reallocation to alternative projects.
- 2.1.2. **Note** that a full funding package has been secured to enable delivery of the Jaywick Market and Commercial Space project and that, following consideration by the ITE, the project has been assessed as offering High value for money with a High certainty of achieving this.
- 2.1.3. **Approve** the increase in total project cost for the Jaywick Market and Commercial Space project from £2.13m to £4.45m, as required under the terms of the Assurance Framework.
- 2.1.4. **Agree** that, despite the project not meeting the condition attached to the release of the remaining GBF funding, the £0.79m GBF funding awarded should remain allocated to the Laindon Place project. Noting that the condition attached to the release of the funding has now been met with the planning application being determined 6 days after the deadline agreed by the Board.
- 2.1.5. Agree **one** of the following three options with regard to the Techfort, Dover project (dependent upon the verbal update provided during the meeting):

Option 1: If planning consent has been granted:

- 2.1.5.1. **Note** that the conditions attached to the award of funding to the project have now been met; **OR**

Option 2: If planning consent has been refused:

- 2.1.5.2. **Agree** that the conditions attached to the award of funding to the project have not been met and that the project should be removed from the GBF programme with the £1.009m GBF returned by Kent County Council to Essex County Council, as the Accountable Body for SELEP, within 4 weeks of this meeting; **OR**

Option 3: If the planning application has not yet been considered:

- 2.1.5.3. **Agree** that the deadline for securing all required consents for the project be extended to 15 July 2022 (the date of the next Board meeting) to allow time for the planning application to be considered. Noting that if an extension to the deadline is not agreed, that the

project will be removed from the GBF programme with the £1.009m GBF returned by Kent County Council to Essex County Council, as the Accountable Body for SELEP, within 4 weeks of this meeting in accordance with the original decision taken by the Board.

- 2.1.6. **Agree** that confirmation that the Better Queensway project will proceed as planned must be provided at the July 2022 Board meeting.
- 2.1.7. **Agree** the application of the requirements set out in Section 5.13 of this report as a mechanism for ensuring timely completion of the projects which are forecasting GBF spend beyond March 2022. Noting that there is still an expectation for projects to complete GBF spend by the date agreed by the Board under the terms of that project's extension.

3. Background

- 3.1. The objective of the GBF funding stream was to support projects which would play an important and immediate role in the positive reset of the national economy post-COVID-19. Central Government were clear that the funding was designed to support projects which were shovel-ready and which could be delivered by 31 March 2022. Throughout the GBF programme, Government reiterated their expectation that the GBF funding allocation should be spent in full by the end of 2021/22.
- 3.2. In order to meet Government expectations, it was agreed by the Board in February 2022 that the remainder of the GBF funding should be transferred to the relevant Upper Tier Local Authority prior to 31 March 2022 to support project delivery in 2022/23. For those projects which were considered to be higher risk, the Board agreed that conditions should be applied to the release of the remaining funding. These conditions, and the addition of the new GBF projects agreed by the Board at the last meeting, were formalised through variation agreements with the Upper Tier Local Authorities and the funding was transferred as agreed prior to 31 March 2022.
- 3.3. Whilst the decisions taken by the Board in February 2022 allowed stated Government expectations to be met, GBF funding totalling £20.735m remained unspent at the end of March 2022. This funding was awarded to support delivery of 16 projects, 14 of which have previously received approval from the Board for retention of funding beyond March 2022, with a further project due to be considered by the Board at this meeting under Agenda Item 5. The final project has submitted a request to retain its' GBF funding allocation beyond March 2022, however, this request has not yet been presented to the Board due to the need for further clarification to be provided.
- 3.4. In July 2021, the Board agreed that GBF funding could be retained against projects beyond March 2022 subject to the following conditions and criteria being satisfied:
 - 3.4.1. The maximum extension offered to a GBF project is 6 months, to 30 September 2022.
 - 3.4.2. Only projects which have been delayed by external factors which could not have been foreseen at the time of Business Case development can be considered for retention of GBF funding beyond 31 March 2022. External factors could relate to

the impact of external agencies (e.g. Network Rail or Central Government departments) or failure of suppliers/contractors to deliver in accordance with an agreed programme.

3.4.3. Projects must demonstrate that they meet the following six conditions before the Board will be asked to consider approving retention of GBF funding beyond 31 March 2022:

3.4.3.1. Provision of a clear delivery plan with specific delivery milestones and completion date to be agreed by the Board;

3.4.3.2. Confirmation that all funding sources identified to enable delivery of the Project are in place and provision of an updated GBF spend profile;

3.4.3.3. Written confirmation that all planning requirements had been met by 31 December 2021;

3.4.3.4. Confirmation that contractual commitments were in place with the construction contractor by 31 January 2022;

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

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

3.5. Whilst these conditions and criteria have been applied to each project which has sought approval for retention of GBF funding beyond March 2022, they are no longer considered to be an effective way of managing the ongoing GBF projects and ensuring timely delivery of the GBF programme. This is primarily due to the dates attached to the stated milestones, i.e. planning and procurement, having now passed and therefore these milestones no longer offer an effective mechanism for ensuring timely project delivery.

3.6. The purpose of this report is to consider the current status of all projects which have forecast GBF spend beyond March 2022, and to formulate updated requirements which should be applied to those projects to seek to ensure timely delivery of the entire SELEP GBF programme. Timely delivery is considered to be a key priority given the purpose of the GBF funding stream and Government expectations that the GBF projects should have been delivered by 31 March 2022.

3.7. This report will also provide an update on progress towards meeting the remaining funding conditions and compliance with the conditions attached to the release of the remaining GBF funding for those projects which were considered to be higher risk.

4. Update on delivery status for all projects forecasting GBF spend beyond March 2022

4.1. At the February 2022 Board meeting, the Board considered the award of GBF funding to 5 new projects – Food Street, Seven Sisters Country Park Visitor Infrastructure Uplift, Princess Alexandra Hospital – relocation of post-graduate medical centre, Braintree –

Review of projects with GBF funding forecast for spend after March 2022

Active Travel and Techfort. All of these projects were approved subject to receipt of Government approval for inclusion within the GBF programme. Government approval has now been confirmed for all 5 projects and the condition has therefore been satisfied.

- 4.2. In February 2022, the Board also considered requests from 7 projects for retention of GBF funding beyond March 2022. The projects were Seven Sisters Country Park Visitor Infrastructure Uplift, Laindon Place, Tendring Bikes and Cycle Infrastructure, Romney Marsh Employment Hub, Discovery Park Incubator, Techfort and ASELA LFFN. The Board agreed all requests subject to endorsement by Strategic Board in March 2022. Strategic Board endorsement was provided in relation to all 7 projects in March 2022 and therefore this condition has been satisfied.
- 4.3. The remainder of this section of the report will provide a short update on the status of each of the projects which have GBF funding forecast for spend beyond March 2022 and will outline the key outstanding risks faced by each project. This information has been obtained directly from scheme promoters through the completion of forms which sought updates on project programme, key milestones, funding package and spend profiles, risks and benefits. Full details of the information provided by scheme promoters is provided in Appendix A.

Riding Sunbeams Solar Railways

- 4.4. The Riding Sunbeams Solar Railways project is seeking to build and connect the world's first megawatt scale renewable solar energy plant directly powering the direct current railways located in the heart of East Sussex.
- 4.5. The project was awarded £2.5275m GBF funding in November 2020 and, as at 31 March 2022, £2.4775m of the GBF allocation remained unspent. This funding is currently being held by East Sussex County Council.
- 4.6. East Sussex County Council have been advised by the scheme promoter that the project is experiencing complications and that, as a result, it is not possible for a full project update to be provided at this time. If possible, a verbal update will be provided during the course of the meeting, with a full update to be provided at the July 2022 Board meeting.

UTC Maritime and Sustainable Technology Hub

- 4.7. The UTC Maritime and Sustainable Technology Hub project seeks to convert the former UTC@harbourside building into a multi-purpose facility including public services, education and training, and commercial workspace for SME's. The focus of the facility will be on the marine and sustainable technology sector.
- 4.8. The project was awarded £1.3m GBF funding in November 2020 and, as at 31 March 2022, the full GBF allocation remained unspent. This funding is currently being held by East Sussex County Council.
- 4.9. As the Board are aware, delivery of the project has been delayed due to complex land ownership matters which have taken significantly longer than anticipated to resolve. In order to progress with project delivery, Lewes District Council are looking to acquire both the headlease and sublease for the UTC@harbourside building. At the last Board meeting, it was reported that this acquisition was expected to be complete by the end of February 2022

and, as a consequence, a condition was attached to the release of the remaining GBF funding allocated to the project which required successful acquisition of the lease for the building by 31 March 2022.

- 4.10. The latest update provided on the project indicates that, whilst progress has been made towards completing the acquisition of the lease, this process remains ongoing and the acquisition of the lease is now not expected to be finalised until late May/early June 2022. This process has been extended due to delays in receiving the required draft paperwork from the Department for Education (DfE), who currently hold the sublease, however this paperwork has now been received and progress is being made with Heads of Terms now agreed with DfE for the site. A verbal update on the status of the lease acquisition will be provided during the Board meeting.
- 4.11. As the lease for the building was not acquired by Lewes District Council by 31 March 2022, the condition that was attached to the release of the remaining GBF funding allocated to the project has not been met. However, significant progress has been made and Lewes District Council have been undertaking other aspects of work at risk in advance of lease acquisition so as to minimise the impact on the overall delivery programme. Whilst acknowledging the significant delay encountered in acquiring the lease for the building, it is recommended that the deadline for acquisition of the lease is extended to 15 July 2022 (the date of the next Board meeting). This recommendation is made in light of progress that has been made towards acquisition of the lease, and efforts that have been made by Lewes District Council to progress other elements of the project at risk to minimise the impact on the overall delivery programme.
- 4.12. As discussions have progressed with regard to the acquisition of the lease it has become apparent that there are significant costs attached to this process, which have contributed to an increase in total project cost. At the November 2021 Board meeting, it was reported that this cost increase was expected to be in the region of £500,000. The report set out that if an increase in total project cost of this order was confirmed that the project would still offer High value for money.
- 4.13. Whilst the lease has not yet been acquired, East Sussex County Council have advised SELEP that the total cost increase will likely exceed £500,000. The SELEP Assurance Framework stipulates that any changes to total project costs above 30% or a £500,000 threshold which are identified prior to construction contract award must be reported to the Board for approval.
- 4.14. Upon completion of the lease acquisition, if it is confirmed that the total project cost has increased by more than £500,000 then a Project Change request will need to be submitted by East Sussex County Council which provides confirmation of the cost increase and the impact of this increase on the Benefit Cost Ratio (BCR) offered by the project. If required, a Project Change Request will be brought to the July 2022 Board meeting, alongside an update on project delivery.
- 4.15. As indicated above, it was reported at the November 2021 Board meeting that the project would continue to offer High value for money if a total project cost increase of £500,000 was reported. However, under this scenario, the BCR offered by the project would reduce from an estimated 2.93:1 as set out in the Business Case to 2.04:1 which is very close to the 2:1 threshold required to demonstrate High value for money.

- 4.16. It was also noted in the update to the Board in November 2021 that there was potential for the level of Optimism Bias applied to the project to be reduced due to there now being greater cost certainty. Under the scenario considered at the November 2021 Board meeting, reducing the Optimism Bias from 15% (as applied in the Business Case) to 10% would result in an estimated BCR of 2.18:1.
- 4.17. Given that the reported project cost increase in November 2021 fell below the threshold specified in the Assurance Framework for a formal Board decision, this level of assurance was sufficient at the time. However, now that a cost increase in excess of £500,000 is forecast, greater assurance is required with regard to the ability of the project to continue to offer High value for money in order to allow the Board to make an informed decision. As a Project Change request has not yet been received, there remains an element of uncertainty regarding the scale of the total project cost increase and the impact that this will have on the BCR offered by the project and the continued ability of the project to meet the requirements of the SELEP Assurance Framework. This uncertainty will not be addressed until the July 2022 Board meeting.
- 4.18. In light of this ongoing uncertainty, it is recommended that spend of the GBF funding is placed on hold at this meeting to allow time for further work to be undertaken by East Sussex County Council and Lewes District Council to demonstrate that the project continues to offer High value for money when the confirmed increase in total project cost is taken into consideration.
- 4.19. It should be noted that placing GBF spend on hold until July 2022 increases the likelihood of GBF spend extending beyond September 2022. However, it is not expected that the lease will be acquired until late May or early June 2022 and therefore there is limited scope for any significant works to be undertaken prior to the next Board meeting.
- 4.20. Whilst the acquisition of the lease for the building presents the greatest risk to project delivery, other risks highlighted by Lewes District Council include a lack of demand for the space created in the building and issues with the building itself. These risks have been mitigated through completion of a Utilisation Mix Study which confirmed that there is likely to be good demand for the building and through acquisition of all drawings and as-built information pertaining to the building, alongside completion of surveys and scoping works in preparation for acquisition of the lease which provides a broad base of information about the building itself. It should also be noted that procurement of a construction contractor is expected to take place in May 2022, with works not due to commence onsite until June 2022. As these key milestones have not yet been completed, there remains a risk that further unanticipated barriers to delivery may be encountered.

Food Street, Eastbourne

- 4.21. Food Street is an aspiration to develop a vibrant, independent food and drink-based economy at the seafront end of Terminus Road. It seeks to bring 5 refurbished (previously vacant) commercial units back into use as part of an enhanced commercial offer in Eastbourne Town Centre.
- 4.22. The project was awarded £0.1m GBF funding in February 2022 and, as at 31 March 2022, the full GBF allocation remained unspent. The funding is currently being held by East Sussex County Council.

- 4.23. At the time of GBF funding award, it was indicated that the project would be complete by 31 March 2022 and that the GBF funding would be spent in full during the 2021/22 financial year.
- 4.24. It has now been reported that, whilst the project has been delivered as intended, the GBF funding is still being held by East Sussex County Council as it was not possible to complete the back-to-back grant agreement between East Sussex County Council and Eastbourne Borough Council prior to the end of the financial year and therefore the GBF funding could not be transferred to Eastbourne Borough Council as intended.
- 4.25. A request to retain the GBF funding allocation against the project beyond March 2022 has been received, however, it has not yet been presented to the Board due to the need for further clarification to be provided (as set out under Agenda Item 5).
- 4.26. There are no outstanding risks to delivery as the intended works have been delivered in accordance with the Business Case.

Seven Sisters Country Park Visitor Infrastructure Uplift

- 4.27. The Seven Sisters Country Park Visitor Infrastructure Uplift project seeks to deliver improved visitor infrastructure at Seven Sisters Country Park. The GBF funding will enable the refurbishment and kit out of the pump barn creating a multi-use retail, exhibition and event space.
- 4.28. The project was awarded £0.2m GBF funding in February 2022 and, as at 31 March 2022, the full GBF allocation remained unspent. This funding is currently being held by East Sussex County Council.
- 4.29. The award of GBF funding to the Seven Sisters Visitor Infrastructure Uplift project allowed elements of the wider project which had previously been removed from the project scope due to cost pressures to be reinstated as part of the project. Whilst work on the wider project has been ongoing since Summer 2020, work on the GBF funded elements of the project had been on hold. Following the award of GBF funding to the project in February 2022, work has commenced to progress the refurbishment and kit out of the pump barn.
- 4.30. Work is progressing in accordance with the programme provided at the last Board meeting, with procurement expected to be complete in May 2022, with work on the GBF funded elements of the project expected to commence onsite in July 2022. It is still expected that the project will be completed and the GBF funding will be spent in full by 30 September 2022.
- 4.31. A number of risks and barriers to project delivery have been identified, including the risk that construction costs will be significantly higher than anticipated due to volatility within the construction market and difficulties in obtaining materials due to pressures on the supply chain. These risks have been widely reported across the GBF programme and have impacted on the ability of some projects to deliver in accordance with their Business Cases. Mitigation measures are in place to manage these risks and further updates will be provided to the Board at future meetings.

- 4.32. The South Downs National Park Authority will seek early engagement with contractors to ensure that delivery of the GBF funded elements of the project can commence in July 2022 as planned.

Acceleration of full-fibre broadband deployment in very rural or very hard to reach premises

- 4.33. The Acceleration of full-fibre broadband deployment in very rural or very hard to reach premises project will fund broadband infrastructure for very hard to reach business premises, which are currently due for removal from the planned fibre broadband rollout due to high costs. The focus of the project is on hard-to-reach business premises which are in need of faster connectivity as soon as possible in order to support their recovery from the COVID-19 pandemic.
- 4.34. The project was awarded £0.68m GBF funding in October 2020 and, as at 31 March 2022, the full GBF allocation remained unspent. This funding is currently being held by Essex County Council.
- 4.35. As the Board are aware, delivery of the Acceleration of full-fibre broadband deployment in very rural or very hard to reach premises project was delayed due to complications encountered with securing the required approval from Broadband Delivery UK (BDUK) (part of the Department for Digital, Culture, Media and Sport (DCMS)) for the addition of the GBF funding to the existing Superfast Essex delivery contract. This issue was eventually resolved in October 2021 allowing the project to progress to delivery. Given the extended delay experienced by the project as a direct result of the actions of a central government department, the Board agreed that the project could, as an exception, retain its' GBF funding for a maximum period of 12 months post March 2022.
- 4.36. It has been noted by Essex County Council (as scheme promoter) that delivery of the project is challenging as the target rollout is in rural areas, however, this risk is being managed through close collaboration between the various parties involved in delivery of the project.
- 4.37. Delivery of the project has now commenced, and the project remains on track for completion of GBF spend by December 2022 as previously reported to the Board.

Extension of the full-fibre broadband rollout in Essex to reach rural and hard to reach premises

- 4.38. The Extension of the full-fibre broadband rollout in Essex to reach rural and hard to reach premises project seeks to deploy ultrafast broadband to rural premises in Essex extending the currently ongoing rollout programme. The GBF funding will enable fast deployment and will maximise the capacity of the existing delivery arrangements by adding as much scope as possible within the existing live rollout contracts.
- 4.39. The project was awarded £1.82m GBF funding in October 2020 and, as at 31 March 2022, the full GBF allocation remained unspent. This funding is currently being held by Essex County Council.
- 4.40. As with the Acceleration of full-fibre broadband deployment in very rural or very hard to reach premises project, this project was delayed due to complications encountered with

securing the required approval from BDUK for the addition of the GBF funding to the existing Superfast Essex delivery contract. This again resulted in the Board agreeing that, as an exception, the GBF funding could be retained against the project for a further 12 month period from March 2022.

- 4.41. Given that this project is also focussing on provision of broadband in rural and hard to reach areas, the same risk to delivery applies as outlined above. However, delivery of the project has now commenced, and the project remains on track for completion of GBF spend by March 2023 as previously reported to the Board.

Jaywick Market and Commercial Space

- 4.42. The Jaywick Market and Commercial Space project involves the build of a commercial facility and vibrant local market on a gateway site in Jaywick Sands in response to a known undersupply of commercial space and a high level of demand for affordable light industrial, studio and basic office facilities within the area. The intention is to construct 13 low-cost units offering 9,500sq ft of lettable area and a covered local market of 20 affordable pitches.
- 4.43. The project was awarded £1.972m GBF funding in November 2020 and, as at 31 March 2022, £1.728m of the GBF allocation remained unspent. This funding is currently being held by Essex County Council.
- 4.44. In November 2021, the Board agreed that the GBF funding awarded to the Jaywick Market and Commercial Space project could be retained beyond March 2022 for a maximum period of 6 months. This extension was primarily due to a review of the design for the project being undertaken as a result of concerns over the rising cost of materials and increasing volatility in the materials market. This review took longer than anticipated and therefore it was no longer possible for the GBF funding to be spent in full by March 2022 as originally intended.
- 4.45. The Board were advised in November 2021 that procurement of a lead building contractor was ongoing and there was therefore a risk of increased project costs. Consequently, in February 2022, the Board were advised that the procurement process had been completed but that the tenders received were significantly higher than anticipated. This prompted a need for Tendring District Council, as delivery partner, to re-evaluate their finances and to seek additional finance from partners to enable delivery of the project to continue.
- 4.46. It was also noted by the Board that, due to the scale of the cost increase, a formal decision would be required to agree the increase in total project cost as per the requirements of the SELEP Assurance Framework. This decision could not be taken until assurances had been provided regarding the ability of the project to continue to present High value for money when the increased project cost was considered.
- 4.47. At the time of the February 2022 Board meeting, Essex County Council (as Accountable Body for SELEP) was still holding £1.31m of the £1.972m GBF allocation awarded to the project. In light of the identified funding and value for money risks associated with the project, the Board took the decision to allow the release of the remaining GBF funding to Essex County Council (as Upper Tier Local Authority) subject to receipt of confirmation at this Board meeting, following a review by the IT5, that the project continued to offer High value for money and receipt of confirmation that a full funding package was in place to

deliver the project. It was agreed by the Board that if these conditions could not be met that the GBF funding would need to be returned to Essex County Council (as Accountable Body for SELEP) for reallocation to alternative projects.

- 4.48. Subsequent to the February 2022 Board meeting, Tendring District Council engaged with partners to secure the additional funding required to enable full delivery of the project. This work has now been completed and additional funding has been secured from both Tendring District Council and Essex County Council. All required governance processes have been undertaken and therefore this funding is committed. The full funding package is set out in Table 1 below.

Table 1: Jaywick Market and Commercial Space project – funding package

Source of funding	Amount of funding committed - £m
Tendring District Council	0.430
Essex County Council	2.043
Getting Building Fund	1.972
Total	4.445

- 4.49. An updated value for money assessment was produced for the project in advance of the February 2022 Board meeting, and this demonstrated that the Benefit Cost Ratio (BCR) offered by the project remained above 3:1. This value for money assessment has now been reviewed by the Independent Technical Evaluator (ITE) and their full assessment is set out within Appendix B.
- 4.50. In summary, the ITE has concluded that the project continues to offer High value for money, with the BCR reduced from 5:1 (as set out in the original Business Case) to 3.8:1 after adjusting for the increase in project cost. In addition, the ITE has noted that planning permission has now been granted for the project and therefore the certainty of achieving this value for money is High (revised upwards from Medium at the time of funding award).
- 4.51. As a complete funding package is now in place to enable project delivery and confirmation has been provided from the ITE that the project continues to offer High value for money, the project has met the conditions that were attached to the release of the remaining GBF funding. The Board are asked to note that these conditions have been met and to agree the change in total project cost as required under the terms of the Assurance Framework.
- 4.52. As outlined above, the procurement of a construction contractor has now been completed, however, construction is not due to commence onsite until May 2022. In addition, confirmation is still required from Essex County Council Highways regarding site access. No timeline for provision of this confirmation is available at this time.
- 4.53. It is currently anticipated that construction will take place between May 2022 and February 2023, with the market and commercial space expected to open in March 2023. As it stands, the GBF funding is still expected to be spent in full by September 2022.
- 4.54. The primary risks to project delivery include the potential for materials and services to be delayed due to industry wide delays and shortages in building materials arising as a result

Review of projects with GBF funding forecast for spend after March 2022

of the COVID-19 pandemic and Brexit. This risk is being mitigated through early and bulk ordering and through completion of contractor supply checks.

- 4.55. There is also an identified risk that the COVID-19 impact on construction resources may impact on the delivery programme or budget. This risk is being mitigated through monitoring the impact on contractors and resources and provision of additional support as required.

Swan Modular Housing Factory

- 4.56. The GBF funding awarded to the Swan Modular Housing Factory project is being used to support delivery of a modular housing factory in Basildon. The factory will deliver up to 1,000 homes per year from January 2024.
- 4.57. The project was awarded £4.53m GBF funding in November 2020 and, as at 31 March 2022, £2.065m of the GBF allocation remained unspent. This funding is currently being held by Essex County Council.
- 4.58. At the last Board meeting it was reported that the GBF funding awarded to the Swan Modular Housing Factory project would be spent in full by 31 March 2022. However, it was subsequently advised that this wouldn't be achievable and that approval for retention of the funding beyond March 2022 would be required. The Board are asked to consider the request for retention of the GBF funding under Agenda Item 5. The primary reasons for the delay in progressing the project are significantly longer lead-in times for some items than originally anticipated, the need to identify alternative suppliers in order to mitigate cost increases and in some cases the need to develop alternative solutions so as to mitigate the issues caused by cost increases and extended lead in times.
- 4.59. Work is progressing on the project, and it is expected that all orders for required products and services will be placed by the end of May 2022 at the latest, with the commencement of manufacturing at the project expected in July 2022.
- 4.60. There are two key milestones which still need to be met before the factory can be completed and manufacturing can commence. The first is the completion of the commissioning of equipment and the recruitment of staff. These tasks are expected to be complete in May/June 2022, however, the scheme promoter has identified a risk with regard to the recruitment of the required workforce. It is noted that recruitment has become significantly more challenging over recent months as employment levels increase locally. To mitigate this, the budget for recruitment has been increased and expectations regarding the duration of the recruitment process have been revised.
- 4.61. There is also a requirement for a Wayleave Agreement to be completed to allow the installation of the fibre broadband. This agreement has been fully drafted and is due for implementation in May 2022.
- 4.62. It is anticipated that once fully operational the factory will deliver up to 1,000 homes per year. However, it should be noted that the delivery of these homes is dependent upon the relevant housing developments receiving planning consent. Due to this requirement, the exact timing of the realisation of project benefits cannot be guaranteed at this stage although it is noted that all the housing schemes anticipated at the time of Business Case submission remain in the pipeline.

Tendring Bikes and Cycle Infrastructure

- 4.63. The Tendring Bikes and Cycle Infrastructure project will deliver a bespoke bike scheme and cycle network infrastructure within Jaywick Sands and Clacton which is aimed at tackling inequality within one of the most deprived communities in Essex.
- 4.64. The project was awarded £2.3m GBF funding in November 2020 and, as at 31 March 2022, £1.781m of the GBF allocation remained unspent. This funding is currently being held by Essex County Council.
- 4.65. The delivery of the Tendring Bikes and Cycle Infrastructure project was delayed due to the need for changes to be made to the design for some elements of the proposed cycle routes in order to address concerns raised during the public consultation exercise. The Board agreed that the GBF funding could be retained against the project for a further period of 6 months to 30 September 2022.
- 4.66. The detailed design for the cycle network infrastructure has now been completed and procurement of a contractor to deliver the cycle infrastructure took place during April 2022. Construction of the cycle network infrastructure is expected to take place between Summer and Autumn 2022. It is still expected that the GBF funding will be spent in full by the end of September 2022.
- 4.67. The scheme promoter has identified 3 key risks to project delivery. The first risk relates to the escalation of construction costs, which has been widely reported due to the impacts of the COVID-19 pandemic and Brexit. This risk is being mitigated through close engagement with suppliers to manage costs and through value engineering if required. The second risk relates to the impact of wider economic factors and inflation on materials costs. This risk is being mitigated through regular discussions with suppliers and through early placement of orders with preferred suppliers.
- 4.68. The final risk to project delivery is the potential for adverse ground conditions and the need for unplanned statutory utility works. Early investigations and surveys have been undertaken to mitigate this risk, however, if required plans will be adapted to ensure that the project can be delivered within the planned timescales.

Laindon Place, Basildon

- 4.69. The wider Laindon Place development will see a new high street for Laindon with 25,000ft² of new retail space, new landscaped public realm, street parking, a new larger supermarket, 224 new homes and an expanded new health centre. The GBF funding will help support the delivery of electric vehicle charging points, installation of shop frontages and delivery of high-quality public realm.
- 4.70. The project was awarded £0.79m GBF funding in March 2021 and, as at 31 March 2022, the full GBF allocation remained unspent. This funding is currently being held by Essex County Council.
- 4.71. The Board were advised at the last meeting that delivery of the Laindon Place project had been impacted by a number of factors, including delays in securing required technical approval for the Laindon High Road design from the Essex County Council Highways team,

delays experienced in relation to the determination of a planning application by Basildon Council, covering the amendments to the highways works required by Essex County Council and the need to redesign some elements of the wider project to comply with the latest building regulations and fire safety legislation.

- 4.72. The Board agreed that the project could retain its' GBF funding allocation for the maximum 6 month period allowed, to 30 September 2022. However, it was noted that the outstanding Section 73 Minor Material Amendment planning application posed a risk to project delivery and that the delays in determining this planning application meant that it wasn't possible for the project to demonstrate that all planning requirements had been satisfied by 31 December 2021 as required by the Board for those projects seeking retention of their funding.
- 4.73. At the time of the last Board meeting, Essex County Council (as Accountable Body for SELEP) was still holding the entirety of the £0.79m GBF allocation awarded to the project. In order to meet Government expectations, it was necessary for the funding to be released to Essex County Council (as Upper Tier Local Authority) prior to 31 March 2022, and therefore it was agreed by the Board that the funding would be released, however, it would remain subject to receipt of confirmation that the planning application had been determined favourably by 31 March 2022.
- 4.74. The planning application was considered by Basildon Council on 6 April 2022 and the decision was taken to grant planning permission (with conditions) subject to the completion of a Deed of Variation to the existing S106 agreement. This Deed of Variation will need to be completed prior to the commencement of the public realm works covered by the application.
- 4.75. Given that the planning application was not considered by Basildon Council until 6 April 2022, the condition applied to the release of the remaining GBF funding was not met. However, given the close proximity of the date of planning application determination to the deadline agreed by the Board and the fact that planning consent has now been granted, it is recommended that the GBF funding remains allocated to the project and that the project should progress to delivery.
- 4.76. The GBF funded improvements form part of a much wider package of works as outlined at section 4.69 of this report. Work has commenced on some elements of the wider project; however, procurement has not yet been completed to appoint subcontractors to deliver the GBF elements of the project. It is anticipated that procurement for the installation of the electric vehicle charging points and the retail shop front improvements will be carried out in July 2022. Assuming this procurement progresses as intended, it is still expected that the GBF funding will be spent in full by September 2022 as previously reported to the Board.
- 4.77. The key remaining risks to project delivery are reported to be the supply and cost of materials and labour as a result of domestic and international industry wide demand. These risks are being mitigated through working with the existing supply chains and working ahead of demand to minimise the impact on the delivery programme of longer than anticipated lead in times. To mitigate potential cost increases, competitive tendering will be undertaken, and close monitoring of the markets and relevant indices will be undertaken.

Page 49 of 241

- 4.78. The Romney Marsh Employment Hub project will further develop the Mountfield Road Industrial Estate, including the development of a business hub of 751 sqm (GEA) divided into 14 rooms of varying sizes. The offices will be built for businesses that will range in size from 2-10 employees. The GBF funding will be used to support the delivery of enabling service and access infrastructure.
- 4.79. The project was awarded £3.536m GBF funding in November 2020 and, as at 31 March 2022, £0.751m of the GBF allocation remained unspent. This funding is currently being held by Kent County Council.
- 4.80. At the last meeting the Board agreed that the GBF funding could be retained against the project beyond March 2022 for a period of 6 months to September 2022. This extension was sought due to delays in the delivery of the utility infrastructure works due to the statutory utility companies working to longer than expected timescales when considering requests for information or approvals for proposed works.
- 4.81. All required consents from utility companies have now been received, other than approval from Southern Water which is expected to be received in May 2022. Subject to this approval being received, it is anticipated that the utilities works including gas, water, electricity and fibre broadband will be completed in June 2022. This will allow the final highways works (surfacing of the roads and footpaths) to also be completed prior to the end of June.
- 4.82. Required input from utility companies and the implications of their extended response times has been identified as the only key remaining risk to project delivery.

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

- 4.83. The Discovery Park Incubator project will deliver the refurbishment of circa 50,000 sqft of space across two floors to create high quality incubator laboratories for early stage and scale-up biotechnology and life science businesses.
- 4.84. The project was awarded £2.5m GBF funding in November 2020 and, as at 31 March 2022, £2.289m of the GBF allocation remained unspent. This funding is currently being held by Kent County Council.
- 4.85. In February 2022, the Board were advised that delivery of the project had been delayed due to additional work which needed to be undertaken after initial cost estimates showed that project costs were significantly higher than anticipated. Due to these delays, the Board were asked to approve the retention of the GBF funding against the project beyond March 2022 for a period of 5 months.
- 4.86. The project is now progressing well, with procurement for all elements of the project due to complete by the end of April 2022 and with initial construction commencing onsite in March 2022. It is still expected that the project will complete in August 2022, however, GBF spend has now been forecast into Q3 2022/23 to allow time for submission of the final GBF claim to Kent County Council.

- 4.87. The remaining key risk to project delivery identified by the scheme promoter is the risk of materials cost inflation. It has been noted that some items have been identified through the procurement process as having experienced cost inflation. This is being managed through early ordering of items to mitigate against any further price inflation.

Techfort, Dover

- 4.88. The Dover Citadel site is a significant heritage asset which is currently closed to the public and subject to intrusion, graffiti, deterioration and ivy invasion. The site is an attractive proposition to potential private sector tenants, however, the need to establish an anchor activity is essential to kickstart the redevelopment of the entire site. The GBF funding awarded to the Techfort project will be used to maintain and upgrade Casemates 51 and 52 comprising 1,012 sqm to accommodate a mix of cultural uses.
- 4.89. The project was awarded £1.009m GBF funding in February 2022 and, as at 31 March 2022, the full GBF allocation remained unspent. This funding is currently being held by Kent County Council.
- 4.90. A number of risks to project delivery were identified at the time of funding award, with the primary risk relating to the outstanding planning and Scheduled Monument Consents which are both required before delivery of the project can commence. In light of this risk, the Board agreed the award of funding to the project subject to confirmation of receipt of all outstanding consents by 20 May 2022. It was agreed by the Board that if this condition was not met that the GBF funding would need to be returned to Essex County Council, as the Accountable Body for SELEP, for reallocation to alternative projects.
- 4.91. In light of the funding decision being taken 1 month prior to the official end of the GBF programme, and having given consideration to the work required to enable project delivery, the Board agreed that, as an exception, the GBF funding could be retained against the project beyond March 2022 for a maximum period of 9 months.
- 4.92. Dover Citadel Ltd. (the delivery partner) has confirmed that the required planning application for Casemates 51 and 52 was submitted to Dover District Council on 11 March 2022. It is currently anticipated that the planning application will be determined in early May. It has also been confirmed that the required Scheduled Monument Consent is now in place.
- 4.93. The need to secure planning permission continues to be identified as the primary risk to project delivery. Whilst work on the project is continuing, including the appointment of a quantity surveyor to finalise the specification for the project, the procurement of a construction contractor is unlikely to take place before planning consent has been secured. It is currently anticipated that procurement will be undertaken by June 2022, ready for construction to commence in June.
- 4.94. At the time of preparing this report, the funding condition regarding the receipt of all required consents by 20 May 2022 has not been fully met. However, it is currently anticipated that the remaining application will be determined in early May 2022 and therefore a verbal update will be provided during the meeting. If evidence has been provided to demonstrate that the required consents have been secured, the Board will be asked to note that the funding condition has been met.

- 4.95. If, however, the required consent has not been secured the Board will be asked to consider whether the funding should remain allocated to the project or if the funding should be removed and reallocated as per the original Board decision. The exact wording of the options for Board consideration will be provided during the meeting dependent upon the update provided but in summary, if planning permission has been refused, the Board will be asked to agree that the GBF funding be removed from the project and returned to Essex County Council (as Accountable Body for SELEP) for reallocation to alternative projects. Whereas if it is expected that the application will be determined in the near future, the Board will be asked to consider whether the funding should remain allocated to the project until the next Board meeting to allow additional time for the applications to be determined. If additional time is not granted for determination of the planning application, the GBF funding will need to be returned within 4 weeks of Board decision to Essex County Council, as the Accountable Body for SELEP, for reallocation to alternative projects in accordance with the original decision taken by the Board.

Better Queensway

- 4.96. Better Queensway is an estate and town centre renewal project seeking to transform a 5.2-hectare site to the north of Southend town centre. The project will include phased demolition of existing residential and commercial units, including four tower blocks and redevelopment to provide up to 1,760 dwellings and 7,945 sqm of commercial space consisting of retail, office, community and leisure space. The project will also involve significant infrastructure and engineering work to provide a new four lane carriageway with footpath, cycle and bus facilities. The GBF funding will be used to support the delivery of early enabling works for the wider project.
- 4.97. The project was awarded £4.2m GBF funding in November 2020 and, as at 31 March 2022, £1.913m of the GBF allocation remained unspent. This funding is currently being held by Southend-on-Sea City Council.
- 4.98. As the Board are aware, delivery of the Better Queensway project has progressed at a slower pace than originally anticipated. This was due to delays in completing the required S106 agreement in relation to the development, which in turn delayed the formal award of hybrid planning consent for the project. In addition, the project has experienced delays to the procurement of the enabling works due to utility companies requiring longer than usual lead-in times due to the impact of the COVID-19 pandemic. In November 2021, the Board agreed that the GBF funding could be retained against the project after March 2022 for a maximum period of 6 months to 30 September 2022.
- 4.99. In February 2022, the Board were advised that progress was being made towards delivery of the GBF funded elements of the project, with some procurement having already been completed. However, the Board were also informed that the decision had been taken by the Regulator for Social Housing to downgrade Swan Housing Association's viability and governance grades. As a result of this decision, Swan Housing do not currently meet the Regulator's governance and viability standards and steps need to be taken to improve work in these areas.

- 4.100. In addition, it was noted that Swan had announced a planned partnership with Orbit Group Limited, which was expected to complete in late 2022. This partnership would place Swan Housing in a stronger position and would support their improvement plans in light of the Regulator's recent decision. However, this partnership was at an early stage and therefore there remained uncertainty as to whether it would progress as proposed. Swan Housing have entered a joint venture with Southend-on-Sea City Council to deliver the Better Queensway scheme.
- 4.101. This update raised concerns regarding the ongoing deliverability of the Better Queensway project, and it was noted that Southend-on-Sea City Council were seeking assurances from Swan Housing about the future of the project and that they were actively seeking a meeting with Orbit.
- 4.102. At the time of the February 2022 Board meeting, Essex County Council (as Accountable Body for SELEP) were still holding the full £4.2m GBF allocation awarded to support delivery of the project. In light of the update provided, the Board agreed that the funding could be released to Southend-on-Sea City Council subject to receipt of confirmation from the council that the project will proceed as planned following the Regulator for Social Housing's decision to downgrade Swan Housing's viability and governance grades and Swan's proposed partnership with Orbit. It was agreed that if the project was unable to proceed as planned, the GBF funding would need to be returned to Essex County Council, as the Accountable Body for SELEP for reallocation to alternative projects.
- 4.103. The latest update provided on the project indicates that discussions between Swan Housing Association and Orbit regarding a potential partnership have been positive, with the proposal having been through the Boards of both companies in early March 2022. Consultation with customers of both organisations has now been undertaken and the feedback submitted will be considered by both Boards to help inform whether to proceed with the partnership. If the partnership does proceed, it is expected that it will take some time to finalise the legalities, with completion unlikely before October 2022.
- 4.104. Whilst Swan are working with the Regulator for Social Housing to address the issues raised, it is believed that the proposed partnership with Orbit would support Swan Housing Association's improvement plans and would provide a better footing for the organisation moving forward.
- 4.105. It has also been advised that Swan Housing Association and Southend-on-Sea City Council have taken the decision to proceed with the enabling works to ensure that the GBF funding is spent in a timely manner. Spend of the GBF funding will be at risk until the legalities associated with the partnership between Swan Housing Association and Orbit have been finalised (assuming the partnership proceeds). If, for any reason, the Better Queensway project cannot proceed as planned, the GBF funding will need to be returned to Essex County Council (as Accountable Body for SELEP) for reallocation to alternative projects.
- 4.106. Whilst a more positive update on the potential for project delivery has been provided, it is considered that there are still a number of risks associated with the project including ongoing consideration as to whether to proceed with the partnership with Orbit. As a result, it is considered that the condition attached to the release of the GBF funding has not yet been met. Confirmation that the project will proceed as planned must be provided at the July 2022 Board meeting.

- 4.107. As indicated above it is intended that the enabling works will be undertaken at risk in advance of the finalisation of the potential partnership between Swan Housing and Orbit, in order to achieve this procurement will be undertaken over the coming months, with the enabling works due to commence onsite in June 2022.
- 4.108. In addition to the risks already outlined, there are a number of other risks which have the potential to impact on the delivery of the wider project. Whilst the GBF funded enabling works will be progressed on council owned land, there is a need to secure vacant possession of the full Better Queensway site to enable delivery of the wider project. A strategy for obtaining possession of the parts of the site which are not currently in council ownership has been developed and will be taken forward.
- 4.109. There is an ongoing risk of cost increases, which has been widely reported across the GBF programme. This risk has been mitigated through the undertaking of detailed financial viability assessments. Finally, there is a risk that COVID-19 may impact further on the delivery programme, however, it is noted that the delivery programme for the full project extends over a 13 year period and therefore there is some scope for slippage to be managed within the programme.

South Essex No Use Empty

- 4.110. The South Essex No Use Empty project will 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 the recent COVID-19 pandemic, changing consumer demand or which may have been impacted by larger regeneration schemes.
- 4.111. The project was awarded £1.2m GBF funding in November 2020 and, as at 31 March 2022, the full GBF allocation remained unspent. This funding is currently being held by Southend-on-Sea City Council.
- 4.112. The launch of the No Use Empty initiative in South Essex has been significantly delayed due to a variety of factors including the impact of COVID-19 restrictions on the ability to meet property owners to discuss the initiative and resourcing issues both at Southend-on-Sea City Council and at Kent County Council (who will be providing the back-office services to support the project) due to staff being seconded to support operational activities associated with the response to the COVID-19 pandemic.
- 4.113. Following resolution of the issues outlined above, the No Use Empty initiative was launched in South Essex on 19 April 2022, and it is expected that the GBF funding will be fully issued through short-term loans to property owners by the end of September 2022 as previously reported.
- 4.114. Due to the nature of the project the responsibility for meeting key delivery milestones, including securing any required consents and procurement of a contractor, sits with the property owners rather than with Southend-on-Sea City Council. As a result, these milestones are reported to be Not Applicable within Appendix A which provides an update on all projects forecasting GBF spend beyond March 2022.

4.115. The primary risk to successful delivery of the project is uncertainty regarding the demand for the No Use Empty loans in South Essex given that this is the first time the scheme has been launched in the area. Anecdotal evidence from agents in South Essex suggests that there will be a healthy demand for the loans, although this cannot be confirmed until loan applications start to be received. An update on the number of applications received will be provided to the Board at a future meeting.

ASELA LFFN

4.116. The Project seeks to build upon the DCMS funded LFFN ASELA Project and extend through additional funding the delivery and access to broadband fibre connectivity across the South Essex Region realising immediate benefits for local businesses and communities to grow and flourish post COVID-19. The project is expected to deliver 15,000 new broadband connections.

4.117. The project was awarded £2.5m GBF funding in October 2020 and, as at 31 March 2022, £0.631m of the GBF allocation remained unspent. This funding is currently being held by Thurrock Council.

4.118. At the February 2022 meeting the Board were advised that delivery of the ASELA LFFN project had been progressing well and that it had been anticipated that the project would be completed by the end of March 2022 as stated in the Business Case. However, unexpected duct blockages were discovered which meant that delivery of the project was likely to extend into Q1 2022/23. The Board agreed that the GBF funding could be retained against the project after March 2022 for a period of 2 months to allow time for the blocked ducts to be resolved and the final invoice paid.

4.119. The duct blockages continue to be the primary risk to project delivery, with blockages still being identified. The resolution of these blockages is being closely managed in order to mitigate any further impact on the delivery programme and to minimise any traffic management delays. It is currently still expected that the GBF funding will be spent in full by the end of Q1 2022/23.

5. Proposed updated requirements to be applied to projects which have retained GBF funding beyond March 2022

5.1. As set out at the start of this report, Government were very clear at the outset of the GBF programme as to the purpose of the fund, and their expectations regarding the timetable for spend of the funding. Whilst it wasn't possible for all projects within SELEP's GBF programme to spend their full GBF allocation by 31 March 2022, the Board agreed a set of criteria and conditions which needed to be met by those projects seeking approval for retention of their GBF funding beyond March. The purpose of these criteria and conditions was to ensure timely delivery of the GBF projects, with a maximum extension of 6 months being offered to those projects which had been adversely impacted by external factors which could not reasonably have been foreseen at the time of Business Case submission. It should be noted that as an exception, extensions of between 9 and 12 months were granted to 3 projects.

5.2. Whilst the agreed criteria and conditions provided a useful basis for considering requests for retention of GBF funding beyond the official end of the GBF programme, they do not

Review of projects with GBF funding forecast for spend after March 2022

provide an effective mechanism for ongoing monitoring of and ensuring timely delivery of the GBF projects. The dates applied to the key project delivery milestones have all passed and there is limited time remaining within the maximum 6 month extension window agreed.

- 5.3. The SELEP Assurance Framework has been updated to reflect the criteria and conditions agreed by the Board in July 2021. However, the Board have agreed that 3 projects can, as an exception to the criteria and conditions, retain their GBF funding allocations beyond March 2022 for between 9 and 12 months. These projects now sit outside the terms of the Assurance Framework.
- 5.4. Given the purpose of the GBF funding it is considered important that, whilst Government expectations regarding GBF spend have not been fully met, the remaining GBF projects are delivered in a timely manner. Updated requirements which can be used to monitor project delivery have been devised following a full review of those projects which are forecasting spend of GBF funding beyond March 2022.
- 5.5. It is intended that the updated requirements presented in this report will be suitable for application to all projects if required. Noting that all but one of the projects forecasting spend beyond March 2022 will have already had this position agreed by the Board, including the one presented to the Board at this meeting under Agenda Item 5. This will ensure that, following a further update to the Assurance Framework, all projects will be operating within the terms of that framework and no projects will be treated as exceptions.
- 5.6. When devising the updated requirements, it has been assumed that no more existing GBF projects will seek approval for retention of GBF funding beyond March 2022 and therefore the recommendations in this report are not designed to provide a basis for the Board to agree such extensions.
- 5.7. As indicated above, the current criteria specifies that the maximum extension which can be sought is 6 months, to 30 September 2022. Table 2 lists the updated expected GBF spend completion dates for 15 of the 16 projects forecasting GBF spend beyond March 2022. The Riding Sunbeams project has not been included as it was not possible for a full project update to be provided for consideration at this meeting.

Table 2: Expected completion of GBF spend

Review of projects with GBF funding forecast for spend after March 2022

	Expected completion of GBF Spend
UTC Maritime and Sustainable Technology Hub	September 2022
Food Street, Eastbourne	June 2022
Seven Sisters Country Park Visitor Infrastructure Uplift	September 2022
Acceleration of full-fibre broadband deployment in very rural or very hard to reach premises	December 2022
Extension of full-fibre broadband rollout in Essex to reach rural and hard to reach premises	March 2023
Jaywick Market and Commercial Space	September 2022
Swan Modular Housing Factory	September 2022
Tendring Bikes and Cycle Infrastructure	September 2022
Laindon Place, Basildon	September 2022
Romney Marsh Employment Hub	September 2022
Discovery Park Incubator	December 2022
Techfort, Dover	December 2022
Better Queensway	September 2022
South Essex No Use Empty	September 2022
ASELA LFFN	June 2022

- 5.8. It can be seen from Table 2 that there are now 4 projects which are forecasting GBF spend beyond September 2022, with the latest expected GBF spend completion date of March 2023. Based on these dates and taking into consideration the desire to ensure timely completion of the GBF programme, it is recommended that the maximum extension allowed is revised to 12 months – with all GBF spend complete by 31 March 2023. However, there remains an expectation that GBF funding should be spent in full by the date agreed by the Board under the terms of the extension granted to each individual project. Any further requests for an extension on GBF spend beyond that already agreed will need to be brought back to the Board for consideration and should only be agreed in exceptional circumstances.
- 5.9. The original criteria and conditions agreed by the Board focused in part on achievement of certain key delivery milestones by specified dates. As indicated above, these dates have all now passed and therefore an alternative approach to managing ongoing delivery of the projects is required.
- 5.10. As part of the review of the GBF projects, updated key milestones were sought for each project. These milestones include securing planning consent, procurement of a construction contractor and commencement of work onsite. The information provided is set out in Table 3.

Review of projects with GBF funding forecast for spend after March 2022

Table 3: Key milestones relevant to all GBF projects which are forecasting GBF spend in 2022/23

	Planning consent secured?	All other required consents/ approvals obtained?	Procurement of a construction contractor complete?	Construction commenced onsite?	Other
UTC Maritime and Sustainable Technology Hub	N/A	N/A	No - May 2022	No - June 2022	N/A
Food Street, Eastbourne	N/A	Yes	Yes	Yes	N/A
Seven Sisters Country Park Visitor Infrastructure Uplift	Yes	Yes	No - May 2022	No - July 2022	N/A
Acceleration of full-fibre broadband deployment in very rural or very hard to reach premises	N/A	Yes	Yes	Yes	N/A
Extension of full-fibre broadband rollout in Essex to reach rural and hard to reach premises	N/A	Yes	Yes	Yes	N/A
Jaywick Market and Commercial Space	Yes	No - tbc	Yes	No - May 2022	N/A
Swan Modular Housing Factory	Yes	No - May 2022	Yes	Yes	Completion of equipment commissioning and staff recruitment - May/June 2022
Tendring Bikes and Cycle Infrastructure	N/A	N/A	No - April 2022	No - June 2022	Roll out of remaining bikes in bike scheme - Summer 2022
Laindon Place, Basildon	Yes	Yes	No - July 2022	Yes	N/A
Romney Marsh Employment Hub	Yes	No - May 2022	Yes	Yes	N/A
Discovery Park Incubator	N/A	N/A	No - end April 2022	Yes	N/A
Techfort, Dover	No - May 2022	No - May 2022	No - June 2022	No - June 2022	N/A
Better Queensway	Yes	Yes	No - July/ August 2022	No - June 2022	Utilities upgrades and diversions - March to September 2022
South Essex No Use Empty	N/A	Yes	N/A	N/A	N/A
ASELA LFFN	N/A	Yes	Yes	Yes	N/A

5.11. Given that the primary purpose of developing these recommendations is to create a mechanism for ensuring timely completion of the GBF projects, the inclusion of requirements regarding the completion of key milestones by set dates is considered important. However, it is also critical to find a balance between setting dates which are achievable by all projects and setting dates which support the full spend of GBF funding by March 2023 at the latest. Therefore, whilst some flexibility has been offered in the recommendations compared to the dates set out in Table 3, this has been limited so as to

Review of projects with GBF funding forecast for spend after March 2022

ensure that the projects remain in a position to complete their GBF spend by the end of 2022/23 at the latest.

- 5.12. Alongside the achievement of key milestones, it is also important that there is ongoing monitoring of the projects, with updates provided on changes to the delivery programme, project cost, funding package and forecast benefits. It is also critical that the projects continue to offer High value for money so that the requirements of the Assurance Framework are met. Whilst these obligations are covered within the Service Level Agreement between SELEP Ltd., Essex County Council (as Accountable Body for SELEP) and the Upper Tier Local Authorities, it is considered beneficial for these to be reiterated within the requirements which need to be met by the ongoing GBF projects.
- 5.13. Taking into account the above information, it is recommended that all projects forecasting GBF spend beyond March 2022 must meet the following requirements:
- 5.13.1. All GBF funding must be spent within 12 months of the official end of the GBF programme, with full spend required by 31 March 2023.
 - 5.13.2. All planning requirements must be met by 15 July 2022.
 - 5.13.3. All other (non-planning) required consents and approvals must be received by 15 July 2022.
 - 5.13.4. Contractual commitments must be in place with the construction contractor by 30 September 2022.
 - 5.13.5. Any changes to total project cost (prior to construction contract award) and forecast benefits must be reported to the SELEP Secretariat to enable ongoing monitoring of the value for money offered by the project.
 - 5.13.6. Ongoing reporting to the SELEP Secretariat on progress towards project delivery including provision of updated delivery milestones and notification of any changes to the funding sources identified to support project delivery must be provided.
- 5.14. The Board are asked to agree the application of these requirements as a mechanism for ensuring timely completion of the projects which are forecasting GBF spend beyond March 2022. Noting that there is still an expectation for projects to complete GBF spend by the date agreed by the Board under the terms of the extension granted to each individual project.

6. Next steps

- 6.1. If the Board agree the application of the above requirements as a mechanism for ensuring timely completion of the projects which are forecasting GBF spend beyond March 2022, the Assurance Framework will be updated to reflect this change. The updated Assurance Framework will be considered under Agenda Item 15 at this meeting, before being presented to the Strategic Board in June 2022.
- 6.2. A full update on the delivery of the GBF programme and the status of the ongoing projects will be provided to the Strategic Board in June 2022, as requested at their last meeting. This

update will seek to provide assurances regarding the ongoing deliverability of the remaining projects and the timely completion of the GBF spend.

- 6.3. The Board will continue to be provided with regular updates on progress towards delivery of the GBF programme, including any further risks to delivery which are encountered.

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 received all of its GBF allocation from MHCLG and this funding was transferred in full to Partner authorities to support delivery of the Projects by the end of 2021/22.
- 7.2. Essex County Council, as the Accountable Body, is responsible for ensuring that the GBF funding is utilised in accordance with the conditions set out by Government for use of the Grant. This is managed through a Service Level Agreement (SLA) that is in place with each Partner Authority and sets out the conditions of the grant.
- 7.3. GBF is allocated through a grant determination from MHCLG (now Department of Levelling Up, Housing and Communications) via section 31 of the Local Government Act 2003; this is subject to the following condition:
- 7.4. The grant may be used only for the purposes that a capital receipt may be used for, in accordance with regulations made under section 11 of the Local Government Act 2003.
- 7.5. Should the funding not be utilised in accordance with the conditions, Government may request return of the funding, or withhold future funding streams.
- 7.6. The grant conditions do not impose an end date for use of the funding, albeit that it was the expectation of Government that all funding is defrayed by 31 March 2022.
- 7.7. SELEP has previously discussed the proposed approach regarding the retention of GBF funding beyond March 2022 with Government and it was confirmed that no additional governance or approvals would be required from Government in this respect. The SELEP is permitted to use its freedoms and flexibilities, within the conditions of the grant.
- 7.8. As the conditions of the grant from Government do not include an end date, there is no risk of clawback by Government due to spend beyond 31 March 2022; however, there is reputational risk to SELEP and potential risk to future funding streams where defrayal of funding and delivery cannot be demonstrated – Government review this as part of the Annual Performance Review of LEPs in advance of confirming funding for the forthcoming year.
- 7.9. With the remaining balance of GBF for each project having been transferred in advance to the Local Authorities, there is a requirement for the Board to continue to effectively monitor the progress of the GBF projects in order to provide assurance of delivery in line with the agreed business cases. It is a requirement of the GBF service level agreements that Local Authorities provide update reports to SELEP to support monitoring to the Board.
- 7.10. This ongoing monitoring and the understanding of possible risks which may impact delivery of GBF projects along with proposed mitigations is essential for the Board, due to the

Review of projects with GBF funding forecast for spend after March 2022

current uncertain economic climate and increasing inflation, together with ongoing impacts experienced following Covid-19 pandemic and Brexit.

8. Legal Implications (Accountable Body comments)

- 8.1. The grant funding is administered in accordance with the terms of the Grant Determination Letter between the Accountable Body and Central Government. The funding is to be used in accordance with the terms of the Service Level Agreements between SELEP Ltd, Accountable Body and the Partner Authorities. Subject to the options agreed by the Board, a variation agreement may need to be put in place to vary the existing Service Level Agreements. If any Project is cancelled, the provisions set out with the SLA will be activated, and Essex County Council will work with the Partner Authorities to recover funding in line with 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 – Information on projects with GBF funding forecast for spend after March 2022
- 10.2. Appendix B – Report of the Independent Technical Evaluator

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

Role	Date
Accountable Body sign off	
Stephanie Mitchener	19/05/2022

(on behalf of Nicole Wood, S151 Officer, Essex County Council)	
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Appendix A – Information on projects with GBF funding forecast for spend after March 2022

Project Information		
Project name: UTC Maritime and Sustainable Technology Hub		
Responsible Upper Tier Local Authority: East Sussex County Council		
Organisation responsible for project delivery: Lewes District Council		
GBF allocation: £1.3m		
GBF spend beyond March 2022: £1.3m		
Duration of extension previously requested: 6 months		
Brief project description: Conversion of the former UTC@harbourside building into a multi-purpose facility including public services, education and training, and commercial workspace for SME's. The focus of the facility will be on the marine and sustainable technology sector.		
Delivery Programme		
The change in delivery programme for the project compared to that set out in the Business Case is set out below.		
Milestone	Original completion date	Updated completion date
Agree lease documentation	January 2021	May/June 2022
Detailed design	April 2021	July 2022
Project specification	June 2021	June 2022
Design and implement procurement of works	July 2021	April 2022
Construction works	March 2022	December 2022
Opening and handover of facility	March 2022	January 2023
Key Milestones		
The status of key milestones associated with project delivery is set out below.		
Key milestone	Milestone met?	Date milestone completion expected
Planning consent secured?	Not Applicable	
All other required consents/approvals obtained?	Not Applicable	
Procurement of construction contractor complete?	No	May 2022
Construction commenced onsite?	No	June 2022
Other	Not Applicable	

Budget/Funding Package

The funding package as set out in the original project Business Case was as follows.

Source of funding	Amount of funding committed (£m)
Getting Building Fund	1.300
Lewes District Council	0.478
Total	1.778

It has been reported that the cost of project delivery has increased by £571,909. This increase in cost will be funded through an additional financial contribution from Lewes District Council. As this cost increase has been reported to be in excess of £500,000, this will need to be subject to a formal Board decision. This decision will be informed by the submission of a Project Change request which confirms the total cost increase and provides assurances regarding the ability of the project to continue to offer High value for money.

The change in GBF spend profile for the project compared to that set out in the Business Case is set out below:

£m	2020/21	2021/22	2022/23					Total
			Q1	Q2	Q3	Q4	Total	
Original	0.30	1.00	0.00	0.00	0.00	0.00	0.00	1.30
Updated	0.00	0.00	0.64	0.66	0.00	0.00	1.30	1.30

Benefits/Outcomes

The forecast project benefits as set out in the original project Business Case were as follows:

Jobs created	133
Commercial floorspace delivered	3,095
New/improved learning/training floorspace delivered	1,630

It has been confirmed that these benefits remain unchanged, and that benefits realisation is expected to commence in January 2023.

Risks/Barriers to Delivery

The key remaining risks and barriers to project delivery are as follows:

- Lack of demand – Lewes District Council has commissioned a Utilisation Mix Study to confirm the parameters of their original GBF Business Case. This study has confirmed that there is likely to be good demand for the refurbished former UTC facility.
- Building issues – Lewes District Council has spoken to the original contractor for the site to obtain all drawings and as-built information pertaining to the

building. The available information is somewhat limited but surveys and scoping works have already been carried out in preparation for building purchase.

Project Information																				
Project name: Food Street, Eastbourne																				
Responsible Upper Tier Local Authority: East Sussex County Council																				
Organisation responsible for project delivery: Eastbourne Borough Council																				
GBF allocation: £0.1m																				
GBF spend beyond March 2022: £0.1m																				
Duration of extension requested: 2 months (extension request submitted but not yet presented to the Board for consideration as explained under Agenda Item 5)																				
Brief project description: Food Street is an aspiration to develop a vibrant, independent food and drink-based economy at the seafront end of Terminus Road, Eastbourne. It seeks to bring 5 refurbished (previously vacant) commercial units back into use as part of an enhanced commercial offer in Eastbourne Town Centre.																				
Delivery Programme																				
The change in delivery programme for the project compared to that set out in the Business Case is set out below.																				
<table border="1"> <thead> <tr> <th>Milestone</th><th>Original completion date</th><th>Updated completion date</th></tr> </thead> <tbody> <tr> <td>Start of project</td><td>July 2021</td><td>July 2021</td></tr> <tr> <td>Public Consultation</td><td>Complete</td><td>Complete</td></tr> <tr> <td>Detailed Design</td><td>Complete</td><td>Complete</td></tr> <tr> <td>Site Mobilisation Works commence</td><td>December 2021</td><td>December 2021</td></tr> <tr> <td>Project Completion/Site Opening</td><td>April 2022</td><td>April 2022</td></tr> </tbody> </table>			Milestone	Original completion date	Updated completion date	Start of project	July 2021	July 2021	Public Consultation	Complete	Complete	Detailed Design	Complete	Complete	Site Mobilisation Works commence	December 2021	December 2021	Project Completion/Site Opening	April 2022	April 2022
Milestone	Original completion date	Updated completion date																		
Start of project	July 2021	July 2021																		
Public Consultation	Complete	Complete																		
Detailed Design	Complete	Complete																		
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Key milestone	Milestone met?	Date milestone completion expected																		
Planning consent secured?	Not Applicable																			
All other required consents/approvals obtained?	Yes																			
Procurement of construction contractor complete?	Yes																			
Construction commenced onsite?	Yes																			
Other	Not Applicable																			
Budget/Funding Package																				
The funding package as set out in the original project Business Case was as follows.																				

Source of funding	Amount of funding committed (£m)
Getting Building Fund	0.1

Confirmation has been provided that this funding package remains in place. It has also been confirmed that the cost of project delivery remains unchanged.

The change in GBF spend profile for the project compared to that set out in the Business Case is set out below:

£m	2020/21	2021/22	2022/23					Total
			Q1	Q2	Q3	Q4	Total	
Original	0.00	0.10	0.00	0.00	0.00	0.00	0.00	0.10
Updated	0.00	0.00	0.10	0.00	0.00	0.00	0.10	0.10

The project has been delivered in 2021/22 and the GBF funding awarded to support delivery of the project has been spent by Eastbourne Borough Council. However, the required back-to-back agreement between East Sussex County Council and Eastbourne Borough Council was not completed prior to 31 March 2022, due to challenges in meeting the short timescales. As a consequence, it was not possible for East Sussex County Council to transfer the funding to Eastbourne Borough Council prior to the end of the 2021/22 financial year and therefore the funding has been reported as unspent.

Benefits/Outcomes

The forecast project benefits as set out in the original project Business Case were as follows:

No of new commercial units available	5
Additional commercial floorspace delivered	440 sqm
Gross FTE jobs created	Up to 10
Forecast additional tourism benefits	£203,314
Land Value Uplift	£16,137

It has been confirmed that these benefits remain unchanged, and that benefits realisation is expected to commence in April 2022.

Risks/Barriers to Delivery

There are no remaining risks or barriers to delivery as the project has been completed as set out within the Business Case. However, further clarification is required as to whether the GBF funding can be applied to expenditure reported by Eastbourne Borough Council in 2021/22.

Project Information		
Project name: Seven Sisters Country Park Visitor Infrastructure Uplift		
Responsible Upper Tier Local Authority: East Sussex County Council		
Organisation responsible for project delivery: South Downs National Park Authority		
GBF allocation: £0.2m		
GBF spend beyond March 2022: £0.2m		
Duration of extension previously requested: 6 months		
Brief project description: Delivery of improved visitor infrastructure at Seven Sisters Country Park. The GBF funding will enable the refurbishment and kit out of the pump barn creating a multi-use retail, exhibition and event space.		
Delivery Programme		
The change in delivery programme for the project compared to that set out in the Business Case is set out below.		
Milestone	Original completion date	Updated completion date
Start of project	Summer 2020	Summer 2020
Public Consultation	Events held during 2020/21	Events held during 2020/21
Detailed Design	August 2020	August 2020
Full Planning Permission Granted	September 2020	September 2020
Site Mobilisation Works commence	July 2021	July 2021
Project Completion/Site Opening	Visitor Centre – April 2022 Other project elements – September 2022	Visitor Centre – April 2022 Other project elements – September 2022
Key Milestones		
The status of key milestones associated with project delivery is set out below.		
Key milestone	Milestone met?	Date milestone completion expected
Planning consent secured?	Yes	
All other required consents/approvals obtained?	Yes	
Procurement of construction contractor complete?	No	Procurement for GBF funded elements – May 2022
Construction commenced onsite?	No	Construction of GBF funded elements – July 2022
Other	Not Applicable	

Budget/Funding Package								
The funding package as set out in the original project Business Case was as follows.								
Source of funding			Amount of funding committed (£m)					
South Downs National Park Authority			1.700					
Woolfson Foundation			0.070					
Rampion Fund (via South Downs Trust)			0.025					
Community Infrastructure Levy (CIL)			0.180					
Getting Building Fund			0.200					
Total			2.175					
Confirmation has been provided that this funding package remains in place. It has also been confirmed that the cost of project delivery remains unchanged.								
The change in GBF spend profile for the project compared to that set out in the Business Case is set out below:								
£m	2020/21	2021/22	2022/23					Total
			Q1	Q2	Q3	Q4	Total	
Original	0.00	0.01	0.10	0.09	0.00	0.00	0.19	0.20
Updated	0.00	0.00	0.10	0.10	0.00	0.00	0.20	0.20
Benefits/Outcomes								
The forecast project benefits as set out in the original project Business Case were as follows:								
FTE Jobs Created							6.5	
No of housing units delivered							1	
High footfall retail space created							131 sqm	
Superfast Broadband connections installed							1	
Enterprises supported							100	
It has been confirmed that these benefits remain unchanged, and that benefits realisation is expected to commence in September 2022.								
Risks/Barriers to Delivery								
The key remaining risks and barriers to project delivery are as follows:								
<ul style="list-style-type: none">• Risk of COVID-19 lockdown causing delays to project delivery – to be mitigated through early discussions with the contractor on the approach to managing the impacts of a further lockdown								

- Main Contractor Insolvency – to be mitigated through the completion of appropriate due diligence in advance of appointment
- Construction costs significantly higher than anticipated due to volatile construction market – to be managed through detailed contractor discussions and contingency allowances. Contract management will be used for cost variations and scope change
- Difficulties in obtaining materials due to COVID-19, supply chain and market demands – to be mitigated through early identification of those materials which may be subject to a long lead-in time and regular contractor engagement with the supply chain
- Delays in appointing contractors affecting the ability of the project to complete works by the end of September 2022 – this will be managed through early engagement with contractors to ensure construction can commence on programme

Project Information		
Project name: Acceleration of full-fibre broadband deployment in very rural or very hard to reach premises		
Responsible Upper Tier Local Authority: Essex County Council		
Organisation responsible for project delivery: Essex County Council		
GBF allocation: £0.68m		
GBF spend beyond March 2022: £0.68m		
Duration of extension previously requested: 12 months		
Brief project description: Project will fund broadband infrastructure for very hard to reach business premises, which are currently due for removal from the planned fibre broadband rollout due to high costs, leaving these businesses with no prospect of accessing fast internet within the next two years or longer. These are hard-to-reach business premises in need of faster connectivity as soon as possible in order to support their recovery from the COVID-19 impact. This project complements the other Essex GBF broadband projects (LFFN and rural extension).		
Delivery Programme		
The change in delivery programme for the project compared to that set out in the Business Case is set out below.		
Milestone	Original completion date	Updated completion date
Change Request Signed	November 2020	October 2021
Delivery	December 2020 to June 2021	April 2022 to March 2023
Key Milestones		
The status of key milestones associated with project delivery is set out below.		
Key milestone	Milestone met?	Date milestone completion expected
Planning consent secured?	Not Applicable	
All other required consents/approvals obtained?	Yes	
Procurement of construction contractor complete?	Yes	
Construction commenced onsite?	Yes	
Other	Not Applicable	
Budget/Funding Package		
The funding package as set out in the original project Business Case was as follows.		

Source of funding	Amount of funding committed (£m)
Department for Environment, Food and Rural Affairs	5.04
Supplier contribution	2.15
Getting Building Fund	0.68
Total	7.87

Confirmation has been provided that this funding package remains in place. It has also been confirmed that the cost of project delivery remains unchanged.

The change in GBF spend profile for the project compared to that set out in the Business Case is set out below:

£m	2020/21	2021/22	2022/23					Total
			Q1	Q2	Q3	Q4	Total	
Original	0.68	0.00	0.00	0.00	0.00	0.00	0.00	0.68
Updated	0.00	0.00	0.37	0.16	0.15	0.00	0.68	0.68

Benefits/Outcomes

The forecast project benefits as set out in the original project Business Case were as follows:

Jobs created	80
Jobs safeguarded	400
Number of businesses or institutions assisted	80
Number of new super/ultrafast broadband connections	380

It has been confirmed that these benefits remain unchanged, and that benefits realisation is expected to commence in April 2022 following completion of the first connections.

Risks/Barriers to Delivery

The key remaining risks and barriers to project delivery are as follows:

- Delivery is challenging given the target rollout in rural geographies, however the timescale and delivery plan are currently unaffected by these challenges. This risk is managed weekly through close collaboration across the delivery and planning teams.

Project Information		
Project name: Extension of full-fibre broadband rollout in Essex to reach rural and hard to reach premises		
Responsible Upper Tier Local Authority: Essex County Council		
Organisation responsible for project delivery: Essex County Council		
GBF allocation: £1.82m		
GBF spend beyond March 2022: £1.82m		
Duration of extension previously requested: 12 months		
Brief project description: Project required to deploy ultrafast broadband for rural premises in Essex, extending the currently ongoing rollout programme. Potential for economic activity in these areas is substantial. Demand for fast broadband services is nearly 15% higher here than the average for Essex. Funding requested would enable fast deployment and maximise the capacity of the existing delivery arrangements by adding as much scope as possible within the existing live rollout contracts. This project complements the other Essex GBF broadband projects (LFFN and rural acceleration).		
Delivery Programme		
The change in delivery programme for the project compared to that set out in the Business Case is set out below.		
Milestone	Original completion date	Updated completion date
Change Request Signed	November 2020	October 2021
Delivery Planning Phase	December 2020 to May 2021	December 2020 to August 2022
Deployment	June to December 2021	June 2022 to March 2023
Key Milestones		
The status of key milestones associated with project delivery is set out below.		
Key milestone	Milestone met?	Date milestone completion expected
Planning consent secured?	Not Applicable	
All other required consents/approvals obtained?	Yes	
Procurement of construction contractor complete?	Yes	
Construction commenced onsite?	Yes	
Other	Not Applicable	

Budget/Funding Package

The funding package as set out in the original project Business Case was as follows.

Source of funding	Amount of funding committed (£m)
Getting Building Fund	1.82
Supplier contribution	0.60
Total	2.42

Confirmation has been provided that this funding package remains in place. It has also been confirmed that the cost of project delivery remains unchanged.

The change in GBF spend profile for the project compared to that set out in the Business Case is set out below:

£m	2020/ 21	2021 /22	2022/23					Total
			Q1	Q2	Q3	Q4	Total	
Original	1.82	0.00	0.00	0.00	0.00	0.00	0.00	1.82
Updated	0.00	0.00	0.31	0.63	0.86	0.02	1.82	1.82

Benefits/Outcomes

The forecast project benefits as set out in the original project Business Case were as follows:

Jobs created	300
Jobs safeguarded	1,500
Number of businesses or institutions assisted	300
Number of new super/ultrafast broadband connections	1,500

It has been confirmed that these benefits remain unchanged, and that benefits realisation is expected to commence in June 2022 following the commencement of the deployment phase.

Risks/Barriers to Delivery

The key remaining risks and barriers to project delivery are as follows:

- Delivery is challenging given the target rollout in rural geographies; however the timescale and delivery plan are currently unaffected by these challenges. This risk is managed weekly through close collaboration across the delivery and planning teams.

Project Information		
Project name: Jaywick Market and Commercial Space		
Responsible Upper Tier Local Authority: Essex County Council		
Organisation responsible for project delivery: Tendring District Council		
GBF allocation: £1.972m		
GBF spend beyond March 2022: £1.728364m		
Duration of extension previously requested: 6 months		
Brief project description: The project involves the build of a commercial facility and vibrant local market on a gateway site in Jaywick Sands in response to a known undersupply of commercial space and a high level of credible demand for affordable light industrial, studio and basic office facilities within the area. The intention is to construct 13 low-cost units offering 9,500sq ft lettable area and a covered local market of 20 affordable pitches. This will form part of a programme of wider regeneration and will deliver an extensive range of positive social impacts to help alleviate the severe deprivation experienced by much of the Jaywick Sands community - including increased employment opportunities, increased training opportunities, a rise in skills and employability, pride in the area, a rise in aspiration especially amongst younger people and significantly improved health benefits through affordable access to fresh foods.		
Delivery Programme		
The change in delivery programme for the project compared to that set out in the Business Case is set out below.		
Milestone	Original completion date	Updated completion date
Construction	August 2021 to February 2022	May 2022 to February 2023
Business Support	April 2021 onwards	January 2023 onwards
Marketing and letting	August 2021 to February 2022	January to February 2023
Scheme opening	March 2022	March 2023
Key Milestones		
The status of key milestones associated with project delivery is set out below.		
Key milestone	Milestone met?	Date milestone completion expected
Planning consent secured?	Yes	
All other required consents/approvals obtained?	No	Confirmation required from Highways regarding site access
Procurement of construction contractor complete?	Yes	
Construction commenced onsite?	No	May 2022
Other	Not Applicable	

Budget/Funding Package								
The funding package as set out in the original project Business Case was as follows.								
Source of funding			Amount of funding committed (£m)					
Tendring District Council			0.106					
Essex County Council			0.050					
Getting Building Fund			1.972					
Total			2.128					
It has been reported that the cost of project delivery has increased by £2,317,647. This increase in cost will be funded through an additional financial contribution from Tendring District Council (£324,465) and Essex County Council (£1,993,182).								
The change in GBF spend profile for the project compared to that set out in the Business Case is set out below:								
£m	2020/21	2021/22	2022/23					Total
			Q1	Q2	Q3	Q4	Total	
Original	0.17	1.80	0.00	0.00	0.00	0.00	0.00	1.97
Updated	0.00	0.24	0.58	1.15	0.00	0.00	1.73	1.97
Benefits/Outcomes								
The forecast project benefits as set out in the original project Business Case were as follows:								
Jobs created						40		
Additional construction jobs						10		
Commercial floorspace created						840 sqm		
Roads, cycling lanes and walkways maintained and built						0.15 km		
Public realm or green space improved or created						3,700 sqm		
It has been confirmed that these benefits remain unchanged, and that benefits realisation is expected to commence in March 2023.								
Risks/Barriers to Delivery								
The key remaining risks and barriers to project delivery are as follows:								
<ul style="list-style-type: none">Delays to materials and services due to industry wide delays and shortages in building materials arising as a result of the COVID-19 pandemic and Brexit – to be mitigated through early and bulk ordering and through completion of contractor supply and procurement checks								

- COVID-19 related issues – there is a risk that the COVID-19 impact on construction resources may impact on scheme programme and budget. This risk will be mitigated through monitoring the impact on contractors and resources and provision of further support and measures as required.

Project Information																	
Project name: Swan Modular Housing Factory																	
Responsible Upper Tier Local Authority: Essex County Council																	
Organisation responsible for project delivery: Swan Commercial Services																	
GBF allocation: £4.53m																	
GBF spend beyond March 2022: £2.065146m																	
Duration of extension requested: 6 months (extension request to be considered at this meeting under Agenda Item 5)																	
Brief project description: The GBF funding is being used to support delivery of a modular housing factory in Basildon. The new factory is immediately adjacent to Swan's current factory, which was established in 2017, which provides 70 jobs and produces c450 homes per year. The new factory will deliver up to an additional 1,000 homes per year. The factories will provide homes across Swan's programme and for third parties – in total a pipeline of some 8,000 new homes. The combined capacity of 1,450 homes per year could be doubled if second shifts were to be introduced.																	
Delivery Programme																	
The change in delivery programme for the project compared to that set out in the Business Case is set out below.																	
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Key milestone	Milestone met?	Date milestone completion expected															
Planning consent secured?	Yes																
All other required consents/approvals obtained?	No	Wayleave to install the fibre broadband required – fully drafted and due for implementation in May 2022															

Procurement of construction contractor complete?	Yes	
Construction commenced onsite?	Yes	
Other – completion of equipment commissioning and staff recruitment	No	May/June 2022

Budget/Funding Package

The funding package as set out in the original project Business Case was as follows.

Source of funding	Amount of funding committed (£m)
Getting Building Fund	4.53

The Business Case included investment from Swan NU Living and Swan Housing Association Ltd. Whilst it has been confirmed that this funding is still available, it has not been included in the funding package as it relates to the management/operation of the factory over a 15+ year period, rather than contributing to the fit out of the factory.

It has also been confirmed that the cost of project delivery remains unchanged.

The change in GBF spend profile for the project compared to that set out in the Business Case is set out below:

£m	2020/21	2021/22	2022/23					Total
			Q1	Q2	Q3	Q4	Total	
Original	2.05	2.48	0.00	0.00	0.00	0.00	0.00	4.53
Updated	1.04	1.42	1.30	0.77	0.00	0.00	2.07	4.53

Benefits/Outcomes

The forecast project benefits as set out in the original project Business Case were as follows:

Jobs created	132
Additional construction jobs created	37
Housing units delivered	1,585
New learners assisted	144

It has been confirmed that these benefits remain unchanged, and that benefits realisation is expected to commence in Q3 2022/23 following commencement of manufacturing at the factory.

Risks/Barriers to Delivery

The key remaining risks and barriers to project delivery are as follows:

- The main constraint on delivering the remaining elements of the project is the need to ensure that the funding is in place. Once this is confirmed, suppliers for all the outstanding works have been identified and orders will be placed. The extended programme has been modified to reflect the extended lead times being experienced on some items at present. There remains a small risk that the IT network equipment will not be delivered in time. To mitigate this, there is a backup plan to provide a wireless link to the network infrastructure at the existing factory.
- Realisation of the full benefits of the project rely on the factory producing modules for active schemes. As with any construction project, all future schemes are subject to planning and as such, their timing cannot be guaranteed. To reduce the risk associated with scheme timing, one of the opportunities taken during the time extension of the project, has been to make the configuration of the factory more flexible so the facility will be better able to produce a wider variety of product types. All the schemes anticipated at the time of the original application remain in our pipeline.
- Recruitment of the required workforce also presents a risk. Recruitment has become significantly more challenging over recent months as employment levels increase locally. To mitigate this, the budget for recruitment (outside the GBF funding) has been increased and expectations regarding how many candidates it will be necessary to process and how long this may take have been revised.

Project Information																	
Project name: Tendring Bikes and Cycle Infrastructure																	
Responsible Upper Tier Local Authority: Essex County Council																	
Organisation responsible for project delivery: Essex County Council																	
GBF allocation: £2.3m																	
GBF spend beyond March 2022: £1.781113m																	
Duration of extension previously requested: 6 months																	
<p>Brief project description: The project will deliver a bespoke bike scheme and cycle network infrastructure within Jaywick Sands and Clacton which is aimed at tackling inequality within one of the most deprived communities in Essex.</p> <p>The bike scheme will be a community-based project to help overcome the barriers to sustainable travel as a result of inequalities, will help tackle rising unemployment and align with the government agenda of active travel and physical activity post COVID-19. Lack of transport options is recognised as a factor in joblessness and insufficient transport provision is a reason for declining employment and access to skills suggesting that wider availability of cycling for transport has the potential to reduce transport inequality and promote access to jobs and education. The scheme directly links to the wider Clacton Town Centre Future High Street Fund and sustainable infrastructure proposed as a result of this programme.</p>																	
Delivery Programme																	
The change in delivery programme for the project compared to that set out in the Business Case is set out below.																	
<table border="1"> <thead> <tr> <th>Milestone</th><th>Original completion date</th><th>Updated completion date</th></tr> </thead> <tbody> <tr> <td>Preliminary design</td><td>August 2020</td><td>November 2020 to May 2021</td></tr> <tr> <td>Detailed design</td><td>September to November 2020</td><td>September 2021 to February 2022</td></tr> <tr> <td>Procurement</td><td>December 2020 to February 2021</td><td>April 2022</td></tr> <tr> <td>Construction</td><td>March to December 2021</td><td>Summer to Autumn 2022</td></tr> </tbody> </table>			Milestone	Original completion date	Updated completion date	Preliminary design	August 2020	November 2020 to May 2021	Detailed design	September to November 2020	September 2021 to February 2022	Procurement	December 2020 to February 2021	April 2022	Construction	March to December 2021	Summer to Autumn 2022
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Key Milestones																	
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Key milestone	Milestone met?	Date milestone completion expected															
Planning consent secured?	Not Applicable																
All other required consents/approvals obtained?	Not Applicable																

Procurement of construction contractor complete?	No	Procurement expected to complete in April 2022
Construction commenced onsite?	No	Works due to commence in June 2022
Other – roll out of remaining bikes made available under the bike scheme	No	Summer 2022

Budget/Funding Package

The funding package as set out in the original project Business Case was as follows.

Source of funding	Amount of funding committed (£m)
Getting Building Fund	2.30
Essex County Council (Local Delivery Pilot Funding)	0.10
Total	2.40

Confirmation has been provided that this funding package remains in place. It has also been confirmed that the cost of project delivery remains unchanged.

The change in GBF spend profile for the project compared to that set out in the Business Case is set out below:

£m	2020/21	2021/22	2022/23					Total
			Q1	Q2	Q3	Q4	Total	
Original	0.70	1.60	0.00	0.00	0.00	0.00	0.00	2.30
Updated	0.00	0.52	0.78	1.00	0.00	0.00	1.78	2.30

Benefits/Outcomes

The forecast project benefits as set out in the original project Business Case were as follows:

Jobs created	60
Additional construction jobs created	12
Roads, cycling lanes and walkways maintained or built	5

It has been confirmed that these benefits remain unchanged, and that benefits realisation is expected to commence in late 2022.

Risks/Barriers to Delivery

The key remaining risks and barriers to project delivery are as follows:

- **Risk:** escalation of construction costs. **Mitigation:** working closely with suppliers to manage costs and value engineering if required
- **Risk:** wider economic factors/inflation. **Mitigation:** manage supply chain through regular discussions with suppliers and placement of early orders with preferred suppliers
- **Risk:** Adverse ground conditions and unplanned static works. **Mitigation:** early investigations and surveys were undertaken. If required, plans will be adapted to ensure delivery within planned timescales.

Project Information																				
Project name: Laindon Place, Basildon																				
Responsible Upper Tier Local Authority: Essex County Council																				
Organisation responsible for project delivery: Swan Commercial Services																				
GBF allocation: £0.79m																				
GBF spend beyond March 2022: £0.79m																				
Duration of extension previously requested: 6 months																				
Brief project description: The Laindon Place development will see a new high street for Laindon with 25,000ft ² of new retail space, new landscaped public realm, street parking, a new larger supermarket, 224 new homes and an expanded new health centre. The GBF funding will help support the delivery of electric vehicle charging points, installation of shop frontages and delivery of high quality public realm.																				
Delivery Programme																				
The change in delivery programme for the project compared to that set out in the Business Case is set out below.																				
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Key milestone	Milestone met?	Date milestone completion expected																		
Planning consent secured?	Yes																			
All other required consents/approvals obtained?	Yes																			
Procurement of construction contractor complete?	No	Procurement of subcontractors to deliver GBF funded elements - July 2022																		
Construction commenced onsite?	Yes	Construction of wider project commenced onsite																		
Other	Not Applicable																			

Budget/Funding Package

The funding package as set out in the original project Business Case was as follows.

Source of funding	Amount of funding committed (£m)
Getting Building Fund	0.79
Swan Commercial Services	3.93
Total	4.72

Confirmation has been provided that this funding package remains in place. It has also been confirmed that the cost of project delivery remains unchanged.

The change in GBF spend profile for the project compared to that set out in the Business Case is set out below:

£m	2020/21	2021/22	2022/23					Total
			Q1	Q2	Q3	Q4	Total	
Original	0	0.79	0	0	0	0	0	0.79
Updated	0	0	0.2	0.59	0	0	0.79	0.79

Benefits/Outcomes

The forecast project benefits as set out in the original project Business Case were as follows:

Jobs created	60
Additional construction jobs	65
Housing units delivered	244
Retail units created	16
Public realm or green space improved or created	570 sqm

It has been confirmed that these benefits remain unchanged, and that benefits realisation for the wider project has already commenced with the creation of construction jobs and the start of housing delivery.

Risks/Barriers to Delivery

The key remaining risks and barriers to project delivery are as follows:

- **Risk:** Supply of materials and labour as a result of domestic and international industry wide demand. **Mitigation:** working with existing supply chains and working well in advance of demand and finalising the procurement.
- **Risk:** Costs of materials and labour as a result of domestic and international industry wide demand. **Mitigation:** Undertaking competitive tendering and monitoring the markets and relevant indices.

- **Risk:** Interface with Essex County Council Highways to secure finalisation of legal agreements to enable start of public realm works. **Mitigation:** Early engagement has commenced and drafting of agreement based on previously agreed principles.

Project Information																				
Project name: Romney Marsh Employment Hub																				
Responsible Upper Tier Local Authority: Kent County Council																				
Organisation responsible for project delivery: Folkestone and Hythe District Council																				
GBF allocation: £3.536466m																				
GBF spend beyond March 2022: £0.750696m																				
Duration of extension previously requested: 6 months																				
Brief project description: The project will further develop the Mountfield Road Industrial Estate, including the development of a business hub of 751 sqm (GEA) divided into 14 rooms of varying sizes. The offices will be built for businesses that will range in size from 2-10 employees. The planned flexibility of the space within the business hub will mean that it could also lend itself to providing space for skills training. There is land within the hub site for the building to be further extended by 427 sqm to provide either more business space or a more bespoke skills facility depending on demand. The GBF funding will be used to support the delivery of enabling service and access infrastructure.																				
Delivery Programme																				
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Key milestone	Milestone met?	Date milestone completion expected																		
Planning consent secured?	Yes																			
All other required consents/approvals obtained?	No	Southern Water approval – May 2022																		
Procurement of construction contractor complete?	Yes																			
Construction commenced onsite?	Yes																			
Other	Not Applicable																			

Budget/Funding Package								
The funding package as set out in the original project Business Case was as follows.								
Source of funding			Amount of funding committed (£m)					
Folkstone and Hythe District Council			2.31					
East Kent Spatial Delivery Development Company			0.74					
Other Public funding – NDA			0.50					
Getting Building Fund			3.53					
Total			7.08					
Confirmation has been provided that this funding package remains in place. It has also been confirmed that the cost of project delivery remains unchanged.								
The change in GBF spend profile for the project compared to that set out in the Business Case is set out below:								
£m	2020/21	2021/22	2022/23					Total
			Q1	Q2	Q3	Q4	Total	
Original	1.57	1.97	0.00	0.00	0.00	0.00	0.00	3.54
Updated	0.00	2.79	0.42	0.33	0.00	0.00	0.75	3.54
Benefits/Outcomes								
The forecast project benefits as set out in the original project Business Case were as follows:								
B1 office space created and occupied							751 sqm	
Commercial floorspace occupied by 2030							15,000 sqm	
FTE jobs associated with the business hub created							64	
FTE jobs associated with development of the serviced land created by 2030							556	
It has been confirmed that these benefits remain unchanged, and that benefits realisation is expected to commence in 2023 following the business hub achieving full occupancy.								
Risks/Barriers to Delivery								
The key remaining risks and barriers to project delivery are as follows:								
<ul style="list-style-type: none">Longer timescales than typically expected in gaining approvals and information from the incumbent utility providers have been experienced due to staff shortages within the utility providers caused by COVID-19. This has								

resulted in an element of the utility installation and completion of some civils works slipping past 31 March 2022.

Project Information		
Project name: First and Second Floors, Building 500, Discovery Park, Sandwich (Discovery Park Incubator)		
Responsible Upper Tier Local Authority: Kent County Council		
Organisation responsible for project delivery: Discovery Park Ltd.		
GBF allocation: £2.5m		
GBF spend beyond March 2022: £2.288602m		
Duration of extension previously requested: 6 months		
Brief project description: Refurbishment of circa 50,000 sqft of space across two floors to create high quality incubator laboratories for early stage and scale-up biotechnology and life science businesses.		
Delivery Programme		
The change in delivery programme for the project compared to that set out in the Business Case is set out below.		
Milestone	Original completion date	Updated completion date
Design team appointed	January 2020	January 2020
Feasibility Study for Building 500 prepared	January 2020	January 2020
Design	November 2020	October/November 2021
Procurement	November to December 2020	November 2021 to April 2022
Enabling works and demolition	January to February 2021	December 2021
Construction	February to July 2021	March to August 2022
Incubator completion	August 2021	August 2022
Occupation	September 2021	September/October 2022
Key Milestones		
The status of key milestones associated with project delivery is set out below.		
Key milestone	Milestone met?	Date milestone completion expected
Planning consent secured?	Not Applicable	
All other required consents/approvals obtained?	Not Applicable	
Procurement of construction contractor complete?	No	Procurement of Principal Contractor and main works programme completed – February 2022.

		Procurement for minor works packages – end April 2022
Construction commenced onsite?	Yes	
Other	Not Applicable	

Budget/Funding Package								
The funding package as set out in the original project Business Case was as follows.								
<table><tr><th>Source of funding</th><th>Amount of funding committed (£m)</th></tr><tr><td>Discovery Park Ltd</td><td>3.00</td></tr><tr><td>Getting Building Fund</td><td>2.50</td></tr><tr><td>Total</td><td>5.50</td></tr></table>	Source of funding	Amount of funding committed (£m)	Discovery Park Ltd	3.00	Getting Building Fund	2.50	Total	5.50
Source of funding	Amount of funding committed (£m)							
Discovery Park Ltd	3.00							
Getting Building Fund	2.50							
Total	5.50							

Confirmation has been provided that this funding package remains in place. It has also been confirmed that the cost of project delivery remains unchanged.

The change in GBF spend profile for the project compared to that set out in the Business Case is set out below:

£m	2020/21	2021/22	2022/23					Total
			Q1	Q2	Q3	Q4	Total	
Original	0.50	2.00	0.00	0.00	0.00	0.00	0.00	2.50
Updated	0.00	0.21	0.17	1.00	1.12	0.00	2.29	2.50

Benefits/Outcomes
The forecast project benefits as set out in the original project Business Case were as follows:
Delivery of high-quality space for life science innovation, bringing forward around 30,000 sqft of incubator space
Directly support business opportunity and employment, supporting at least 62 additional jobs once the facility reaches ‘steady state’ (as part of a total of up to 250 jobs across Discovery Park as a whole), and generating GVA of £29 million over 20 years
Help to drive forward collaboration between start-up/growing businesses, established occupiers at Discovery Park and key regional partners such as the University of Kent and Canterbury Christ Church University
Secure the growth of the life science cluster in East Kent, enabling firms to grow and expand locally, contributing to the cluster development plans at the centre of the Strength in Places Fund proposition, and reinforcing Discovery Park’s role as a centre for life science innovation

It has been confirmed that these benefits remain unchanged, and that benefits realisation is expected to commence in Q3 2022/23 following occupation of the new incubator facility by tenants.

Risks/Barriers to Delivery

The key remaining risks and barriers to project delivery are as follows:

- **Risk:** Material cost inflation. All tender responses for work packages have been received and assessed. There are some items which are experiencing price inflation. **Mitigation:** Early ordering of items to mitigate against price inflation.

Project Information														
Project name: Techfort, Dover														
Responsible Upper Tier Local Authority: Kent County Council														
Organisation responsible for project delivery: Dover Citadel Limited														
GBF allocation: £1.009m														
GBF spend beyond March 2022: £1.009m														
Duration of extension previously requested: 9 months														
<p>Brief project description: The Dover Citadel site is a significant heritage asset which is currently closed to the public and subject to intrusion, graffiti, deterioration and ivy invasion. The site is an attractive proposition to potential private sector tenants, however, the need to establish an anchor activity is essential to kickstart the redevelopment of the entire site.</p> <p>The project will maintain and upgrade Casemates 51 and 52 comprising 1,012 sqm to accommodate a mix of cultural uses.</p>														
Delivery Programme														
The change in delivery programme for the project compared to that set out in the Business Case is set out below.														
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Milestone	Original completion date	Updated completion date												
Planning permission and Scheduled Monument Consent	January 2022	May 2022												
Construction complete	Q2 2022/23	September 2022												
Opening of new workspace	Q2/Q3 2022/23	December 2022												
Key Milestones														
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Procurement of construction contractor complete?	No	Quantity Surveyor appointed to finalise spec. Procurement expected before June 2022												

Construction commenced onsite?	No	Construction expected to commence in June 2022
Other	Not Applicable	

Budget/Funding Package	
The funding package as set out in the original project Business Case was as follows.	
Source of funding	Amount of funding committed (£m)
Dover Citadel Limited	0.251
Getting Building Fund	1.009
Total	1.260

Confirmation has been provided that this funding package remains in place. It has also been confirmed that the cost of project delivery remains unchanged.

The change in GBF spend profile for the project compared to that set out in the Business Case is set out below:

£m	2020/21	2021/22	2022/23					Total
			Q1	Q2	Q3	Q4	Total	
Original	0.000	0.000	0.126	0.631	0.252	0.000	1.009	1.009
Updated	0.000	0.000	0.429	0.328	0.252	0.000	1.009	1.009

Benefits/Outcomes	
The forecast project benefits as set out in the original project Business Case were as follows:	
Employment Outcomes – 17 employees and 5 Trainees	
1,012 sqm of space available for a mix of creative businesses	
Public access to 5 acres of the site	
Improved public realm for anticipated minimum of 3,000 visitors to the site	
Educational opportunities for estimated 1,560 learners and art participation from an estimated 1,040 students	

It has been confirmed that these benefits remain unchanged, and that benefits realisation is expected to commence in December 2022.

Risks/Barriers to Delivery
The key remaining risks and barriers to project delivery are as follows:
<ul style="list-style-type: none">Planning consent remains outstanding. A planning application has been submitted and it is hoped that approval will be received in May 2022.

Project Information		
Project name: Better Queensway		
Responsible Upper Tier Local Authority: Southend-on-Sea City Council		
Organisation responsible for project delivery: Porters Place LLP		
GBF allocation: £4.2m		
GBF spend beyond March 2022: £1.913342m		
Duration of extension previously requested: 6 months		
Brief project description: Better Queensway is an estate and town centre renewal project seeking to transform a 5.2-hectare site to the north of Southend town centre. The project will include phased demolition of existing residential and commercial units, including four tower blocks and redevelopment to provide up to 1,760 dwellings and 7,945 sqm of commercial space consisting of retail, office, community and leisure space. The project will also involve significant infrastructure and engineering work to provide a new four lane carriageway with footpath, cycle and bus facilities, which will remedy the sites severance with the High Street, provide a greater developable area, reduce pollution and improve connectivity, including important through routes to the seafront.		
Delivery Programme		
The change in delivery programme for the project compared to that set out in the Business Case is set out below.		
Milestone	Original completion date	Updated completion date
Planning	February 2021	September 2021
Enabling Works	March 2022	June 2022
Demolition and infrastructure works	2021 – 2025	2022 – 2025
Construction of housing, commercial space and public realm	2026 – 2033	2026 – 2033
Key Milestones		
The status of key milestones associated with project delivery is set out below.		
Key milestone	Milestone met?	Date milestone completion expected
Planning consent secured?	Yes	
All other required consents/approvals obtained?	Yes	
Procurement of construction contractor complete?	No	Procurement for Highways works – July/August 2022
Construction commenced onsite?	No	Enabling works – June 2022
Other – utilities upgrades and diversions	No	March to September 2022

Budget/Funding Package								
The funding package as set out in the original project Business Case was as follows.								
Source of funding			Amount of funding committed (£m)					
Housing Infrastructure Fund			15.00					
Getting Building Fund			4.20					
To be sourced			2.70					
Total			21.90					
Confirmation has been provided that this funding package remains in place. It has also been confirmed that the cost of project delivery remains unchanged.								
The change in GBF spend profile for the project compared to that set out in the Business Case is set out below:								
£m	2020/21	2021/22	2022/23					Total
			Q1	Q2	Q3	Q4	Total	
Original	1.00	3.20	0.00	0.00	0.00	0.00	0.00	4.20
Updated	0.00	2.29	0.25	1.66	0.00	0.00	1.91	4.20
Benefits/Outcomes								
The forecast project benefits as set out in the original project Business Case were as follows:								
Housing units completed and occupied – 1,669								
Commercial floorspace completed and occupied – 7,945 sqm								
Public realm improvements delivered – 0.7 hectares								
Increased attractiveness to developers and businesses								
Increased footfall								
Increased connectivity between Queensway Estate and Southend Town Centre								
It has been confirmed that the number of housing units to be delivered has increased to 1,760 but that the remainder of the benefits remain unchanged. It is expected that benefits realisation will commence in 2026.								
Risks/Barriers to Delivery								
The key remaining risks and barriers to project delivery are as follows:								
<ul style="list-style-type: none">• Securing Vacant Possession of non-council owned land – vacant possession of non-council owned land is not required to deliver the works due to be supported by the Getting Building Fund as these works sit within the public highway and council owned land. However, possession of the full site is required to deliver the full extent of the project and Southend-on-Sea Council has developed a Compulsory Purchase Order strategy for the part of the Better Queensway site which is not currently in their ownership.								

- Cost increases - detailed financial viability assessments have been undertaken.
- Sales/rental value changes - extensive work has been undertaken including sensitivity testing in the economic appraisal. The Southend residential market has remained particularly buoyant during the COVID-19 pandemic and is benefiting from a growing sales market.
- COVID-19 delays to delivery - the programme for delivering the Better Queensway project extends over a 13 year period and therefore some slippage can be managed within the wider programme.

Project Information		
Project name: South Essex No Use Empty		
Responsible Upper Tier Local Authority: Southend-on-Sea City Council		
Organisation responsible for project delivery: Southend-on-Sea City Council		
GBF allocation: £1.2m		
GBF spend beyond March 2022: £1.2m		
Duration of extension previously requested: 6 months		
Brief project description: No Use Empty will 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 the recent COVID-19 pandemic, changing consumer demand or which may have been impacted by larger regeneration schemes. This will be achieved by providing short-term secured loans (up to 3 years) to bring long-term empty commercial properties back into use. The project has worked successfully elsewhere in the SELEP area. Repayments will be 're-loaned' realising additional benefits.		
Delivery Programme		
The change in delivery programme for the project compared to that set out in the Business Case is set out below.		
Milestone	Original completion date	Updated completion date
Site identification – identification of early projects to help promote the No Use Empty scheme	January 2021	March to April 2022
Launch of No Use Empty scheme	January 2021	19 April 2022
Marketing and promotion to generate pipeline of projects	Ongoing to January 2022	April to August 2022
Assessment of applications	Ongoing to January 2022	April to September 2022
Repayment of loans	March 2025	November/December 2026
Introduction of rolling loan fund	April 2025	January 2027
Key Milestones		
The status of key milestones associated with project delivery is set out below.		
Key milestone	Milestone met?	Date milestone completion expected
Planning consent secured?	Not Applicable	
All other required consents/approvals obtained?	Yes	
Procurement of construction contractor complete?	Not Applicable	

Construction commenced onsite?	Not Applicable	
Other	Not Applicable	

Budget/Funding Package	
The funding package as set out in the original project Business Case was as follows.	
Source of funding	Amount of funding committed (£m)
Getting Building Fund	1.20
South Essex Local Authorities	0.10
Private Sector (property owners) - estimate	1.35
Total	2.65

Confirmation has been provided that this funding package remains in place. It has also been confirmed that the cost of project delivery remains unchanged.

The change in GBF spend profile for the project compared to that set out in the Business Case is set out below:

£m	2020/21	2021/22	2022/23					Total
			Q1	Q2	Q3	Q4	Total	
Original	0.4	0.8	0	0	0	0	0	1.2
Updated	0	0	0.3	0.9	0	0	1.2	1.2

Benefits/Outcomes	
The forecast project benefits as set out in the original project Business Case were as follows:	
Jobs Created (Direct)	18
Commercial Units returned to use	8
Commercial floorspace delivered	706 sqm
Jobs Created (Indirect)	16
Number of people housed (Indirect)	56

It has been confirmed that these benefits remain unchanged, and that benefits realisation is expected to commence in August 2023.

Risks/Barriers to Delivery
The key remaining risks and barriers to project delivery are as follows:
<ul style="list-style-type: none">Demand for the No Use Empty loans in South Essex – Kent County Council have continued to provide No Use Empty products throughout the pandemic and have indicated that the demand from developers is very strong. Anecdota

evidence from agents in South Essex also suggests that there will be a healthy demand for the loans, although this cannot be confirmed until the scheme has been officially launched and applications start to be received. Additional capacity has been brought in by Southend-on-Sea City Council to support development and delivery of a marketing and comms plan, which will be reviewed regularly to ensure that all marketing avenues are explored.

Project Information		
Project name: ASELA LFFN		
Responsible Upper Tier Local Authority: Thurrock Council		
Organisation responsible for project delivery: Thurrock Council		
GBF allocation: £2.5m		
GBF spend beyond March 2022: £0.630925m		
Duration of extension previously requested: 2 months		
Brief project description: The GBF investment will build upon the DCMS funded LFFN ASELA Project by extending through this additional funding the delivery and access to fibre connectivity across the South Essex Region.		
Delivery Programme		
The change in delivery programme for the project compared to that set out in the Business Case is set out below.		
Milestone	Original completion date	Updated completion date
Grant Milestone 2	November 2021	November 2021
Grant Milestone 3	January 2022	January 2022
Grant Milestone 4	February 2022	March 2022
Grant Milestone 5	March 2022	June 2022
Key Milestones		
The status of key milestones associated with project delivery is set out below.		
Key milestone	Milestone met?	Date milestone completion expected
Planning consent secured?	Not Applicable	
All other required consents/approvals obtained?	Yes	
Procurement of construction contractor complete?	Yes	
Construction commenced onsite?	Yes	
Other	Not Applicable	
Budget/Funding Package		
The funding package as set out in the original project Business Case was as follows.		

Source of funding	Amount of funding committed (£m)
Department for Digital, Culture, Media and Sport	4.44
ASELA authorities	0.67
Getting Building Fund	2.50
Total	7.61

Confirmation has been provided that this funding package remains in place. It has also been confirmed that the cost of project delivery remains unchanged.

The change in GBF spend profile for the project compared to that set out in the Business Case is set out below:

£m	2020/21	2021/22	2022/23					Total
			Q1	Q2	Q3	Q4	Total	
Original	1.00	1.50	0.00	0.00	0.00	0.00	0.00	2.50
Updated	0.95	0.92	0.63	0.00	0.00	0.00	0.63	2.50

Benefits/Outcomes

The forecast project benefits as set out in the original project Business Case were as follows:

Number of businesses or institutes assisted	1,270
Number of new super/ultrafast broadband connections	22,500
Number of jobs created	2,000

It has been confirmed that these benefits remain unchanged, and that benefits realisation is expected to commence in September 2022.

Risks/Barriers to Delivery

The key remaining risks and barriers to project delivery are as follows:

- Blocked ducts – the blocked ducts have already caused some delay to the delivery of the project and further blockages are still being identified. This risk is being closely managed in order to mitigate any further impact on the delivery programme and on the traffic network.

Independent Technical Evaluator - Business Case Assessment – Q1 2022/23 Report

Independent Technical Evaluator - Business Case Assessment – Q1 2022/23 Report

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Contents

1 **Independent Technical Evaluation of Getting Building Fund and Local Growth Fund Schemes 2**

 Overview..... 2

 Method 2

 Change Requests 4

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

Overview

- 1.1 Steer was reappointed by the South East Local Enterprise Partnership in April 2021 as Independent Technical Evaluator. It is a requirement of Central Government that every Local Enterprise Partnership subjects its business cases and decisions on investment to independent scrutiny.
- 1.2 Recommendations are made for funding approval on 27th May 2022 by the Accountability Board, in line with the South East Local Enterprise Partnership's own governance.

Method

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

¹ Source:

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

- 1.7 Individual criteria were assessed and then given a ‘RAG’ (Red – Amber – Green) rating, with a summary rating for each dimension. The consistent and common understanding of the ratings are as follows:
- **Green:** approach or assumption(s) in line with guidance and practice or the impact of any departures is sufficiently insignificant to the Value for Money category assessment.
 - **Amber:** approach or assumption(s) out of line with guidance and practice, with limited significance to the Value for Money category assessment but should be amended in future submissions (e.g. at Final Approval stage).
 - **Red:** approach or assumption(s) out of line with guidance and practice, with material or unknown significance to the Value for Money category assessment, requires amendment or further evidence in support before Gateway can be passed.
- 1.8 The five dimensions of a government business case are:
- **Strategic Dimension:** demonstration of strategic fit to national, Local Enterprise Partnership and local policy, predicated upon a robust and evidence-based case for change, with a clear definition of outcomes and objectives.
 - **Economic Dimension:** demonstration that the scheme optimises public value to the UK as a whole, through a consideration of options, subject to cost-benefit analysis quantifying in monetary terms as many of the costs and benefits as possible of short-listed options against a counterfactual, and a preferred option subject to sensitivity testing and consideration of risk analysis, including optimism bias.
 - **Commercial Dimension:** demonstration of how the preferred option will result in a viable procurement and well-structured deal, including contractual terms and risk transfer.
 - **Financial Dimension:** demonstration of how the preferred option will be fundable and affordable in both capital and revenue terms, and how the deal will impact on the balance sheet, income and expenditure account, and pricing of the public sector organisation. Any requirement for external funding, including from a local authority, must be supported by clear evidence of support for the scheme together with any funding gaps.
 - **Management Dimension:** demonstration that the preferred option is capable of being delivered successfully in accordance with recognised best practice and contains strong project and programme management methodologies – this includes the need for a Monitoring and Evaluation Plan and Benefits Realisation Plan.
- 1.9 In addition to a rating for each of the five dimensions, comments have been provided against Central Government guidance on assurance – **reasonableness** of the analysis, risk of error (or **robustness** of the analysis), and **uncertainty**. Proportionality is applied across all three areas.
- 1.10 Assessments were conducted by a team of transport and economic planning professionals, and feedback and support has been given to scheme promoters throughout the process through workshops, meetings, telephone calls and emails.

Change Requests

- 1.11 The SELEP Assurance Framework states that any variations to a project's costs, scope, outcomes or outputs from the information specified in the Business Case must be reported to the Accountability Board. When the changes are expected to have a substantial impact on forecast project benefits, outputs and outcomes as agreed in the business case which may detrimentally impact on the Value for Money assessment, it is expected that the business case should be re-evaluated by the ITE.
- High value for money, high certainty**
- 1.12 The following scheme achieves **high value for money** with a **high certainty** of achieving this.
- Jaywick Market and Commercial Space*
- 1.13 Essex County Council has made a change request regarding a material change in cost of the Jaywick Market and Commercial Space project. The overall project costs are set to increase from £2,127,535 to £4,212,194.
- 1.14 The scope of the project remains construction and operation of a covered market and affordable business space on a gateway site in Jaywick Sands to support the local economy, grow local entrepreneurship, and grow and retain economic activity and job creation in the local area, which is one of the most deprived in the country.
- 1.15 The original business case as reviewed by Steer in November 2020 was based on a scheme capital cost of £2.11m, including a Local Growth Fund contribution of £2.0m. The benefit cost ratio for the original scheme was 5:1 representing "high" value for money, with a "medium" level of certainty of achieving that value for money.
- 1.16 Cost increases have occurred due to delays to starting construction and the consequent increase in price of materials. Alternative funding sources have been identified to cover these additional costs so the LEP's financial contribution to this project does not increase.
- 1.17 With the increase in costs and no change in outputs our assessment show that the benefit cost ratio is revised down to 3.8:1 which remains comfortably above 2:1. We are therefore confident that the scheme, with this cost increase, will continue to represent "high" value for money. Planning permission has now been secured therefore the certainty of achieving that value for money has been revised up to "High".
- 1.18 While a simplified approach was taken to assessing the updated project cost in the value for money calculation, this was done with the understanding that a more comprehensive approach would have also found continued "high" value for money.

Change requests for projects seeking additional LGF if funding becomes available

Southend Airport Business Park

- 1.19 Southend-on-Sea City Council is seeking an additional £1.6m to spend on Southend Airport Business Park Project. The scope of the project remains investing in the development of a green park site located next to Southend Airport. The project aims to deliver 3,715 jobs, 84,148 square metres of commercial floorspace, 2km of newly built roads, 2km of new cycleways, and to reclaim 19 hectares of land.
- 1.20 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.
- 1.21 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.

- 1.22 The additional funding request of £1.6m represents an increase in total scheme cost from £31.2m to £32.7m. Our assessment show that the benefit cost ratio will remain comfortably above 2:1 and we are confident that the scheme, with the additional investment, will continue to represent “high” value for money with a high certainty of achieving that value.

Parkside Phase 3

- 1.23 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.
- 1.24 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.
- 1.25 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 costs and risk being factored into the design costs that will allow Phase 3 to adapt to changes in market conditions following the COVID crisis.
- 1.26 The additional funding request of £1.7m from the Local Growth Fund increases the total cost of the from £10.5m to £12.2m. Our assessment shows that the BCR will remain in excess of 2:1 therefore we are confident that the scheme, with the additional LGF investment, will continue to represent “high” value for money with a high certainty of achieving that value.

A13 Widening

- 1.27 Thurrock Council is seeking an additional the £1m to spend on the A13 Widening Scheme Project. This is the second tranche of a Local Growth Fund bid totalling £2.5m. The scope of the project remains widening the A13 Stanford le Hope Bypass from 2 to 3 lanes in both directions, from the junction with the A128 (Orsett Cock roundabout) in the west to the A1014 (the Manorway) in the east.
- 1.28 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.
- 1.29 Additional funding has been sought due to the impact of COVID-19, which has meant the Council has come under substantial financial pressures leading to a funding gap due to cost increases. It is noted that a number of other funding sources are contributing to bridging the gap as well as additional funding from the Local Growth Fund.
- 1.30 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 National Highways 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.

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Report title: Local Growth Fund Capital Programme Update	
Report to: Accountability Board	
Report author: Helen Dyer, SELEP Capital Programme Manager	
Meeting date: 27 May 2022	For: Decision
Enquiries to: helen.dyer@southeastlep.com	
SELEP Partner Authority affected: East Sussex, Essex, Kent, Medway, Thurrock and Southend	

1. Purpose of Report

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

2. Recommendations

- 2.1. The Board is asked to:
- 2.1.1. **Agree** the reported LGF spend on project delivery in 2021/22 of £45.158m excluding DfT retained schemes and increasing to £48.032m including DfT retained schemes, as set out in Table 1 and Appendix A.
 - 2.1.2. **Note** the updated 2020/21 year end position, as set out in Table 3.
 - 2.1.3. **Agree** the removal of £0.207m LGF from the A127 Essential Maintenance project. Noting that this is additional LGF funding awarded through the LGF project pipeline and does not form part of the DfT retained funding allocation.
 - 2.1.4. **Note** the deliverability and risk assessment, as set out in Appendix D.
 - 2.1.5. **Agree** the updated completion date for the Hastings and Bexhill Movement and Access Package which has experienced a delay of more than 6 months - project completion delayed from December 2022 to Summer 2025.

3. Summary position

- 3.1. The £578.935m SELEP LGF allocation received from the Ministry of Housing Communities and Local Government (MHCLG) (now named the Department for Levelling Up, Housing and Communities (DLUHC)) has been fully awarded to support delivery of projects.

- 3.2 In order to satisfy the commitment made to Government to secure the final tranche of LGF funding in 2020/21, and in accordance with decisions made by the Board, the majority of the remaining unspent LGF funding was transferred to Local Partners in March 2021. The remaining funding was transferred to Local Partners before the end of March 2022.
- 3.3 Delivery of the ongoing LGF projects and spend of the funding transferred to local partners at the end of 2020/21 and during 2021/22 will continue to be monitored until all projects have reached completion.

4. Award of Local Growth Fund

- 4.1. The Board has approved the award of the full £578.9m SELEP LGF allocation to 106 projects, including DfT retained schemes. The A127 Fairglen junction improvements project, a DfT retained scheme with an LGF allocation of £15m, is still awaiting approval by the DfT. Despite this, £1.5m of the LGF allocation has been spent to date following a request from Government to accelerate partial release of the funding.
- 4.2. At the Strategic Board meeting on 11 December 2020, a pipeline of LGF projects was agreed by SELEP Ltd. Ten projects were identified to receive additional LGF, based on the £6.693m LGF unallocated at the time of the meeting. A ranked pipeline of projects was also established to identify the next LGF projects in line to receive additional funding, if further LGF became available.
- 4.3. The Board approved the award of £6.662m to the ten prioritised projects at the February and March 2021 Board meetings. In addition, a further £0.901m was awarded to the Kent and Medway Engineering, Design, Growth and Enterprise (EDGE) Hub project, as the first project on the agreed pipeline, following the cancellation of the Basildon Innovation Warehouse project in February 2021.
- 4.4. Following the decision by the Board in September 2021 to reduce the LGF allocation to the A26 Tunbridge Wells Cycle and Junction Improvements Package by £623,389, additional LGF funding was awarded to the Kent and Medway Engineering, Design, Growth and Enterprise (EDGE) Hub, Mercury Rising and Southend Airport Business Park projects.
- 4.5. The remaining prioritised project pipeline is set out in Appendix B.
- 4.6. In February 2021, the Board approved the award of an additional £0.207m LGF to the A127 Essential Maintenance/The Bell Part A project through the LGF prioritised project pipeline and this funding was transferred to Southend-on-Sea City Council in March 2021. The project was already in receipt of £8m LGF and was designated as a DfT retained scheme. The additional funding awarded to the project formed part of the allocation received from MHCLG and was therefore managed separately to the DfT allocation.

- 4.7. Southend-on-Sea City Council have now confirmed that the A127 Essential Maintenance project has been completed and that the additional LGF funding is no longer required to support project delivery. It has been confirmed that the £0.207m LGF continues to be held in Southend-on-Sea City Council's accounts and therefore the Board are asked to agree that this funding be removed from the A127 Essential Maintenance project. The Board will be asked to consider the reallocation of this funding under Agenda item 12. The removal of the funding from the project will be formalised through the completion of a Variation Agreement which reflects the reduction in LGF allocation to the project.

5. Local Growth Fund spend position

- 5.1. LGF spend in 2021/22 is reported to total £45.158m excluding DfT retained schemes and increasing to £48.032m including DfT retained schemes.
- 5.2. The 2021/22 spend forecast has been updated to reflect spend profile updates provided through the latest round of LGF quarterly reporting and demonstrates a reduction in forecast LGF spend in 2021/22 from £62.364m to £48.032m (including DfT retained schemes). This change is shown in Table 1 below.

Table 1: Updated spend forecast 2021/22

LGF (£m)				
	Planned LGF spend in 2021/22	Reported spend 2021/22	Variance (between planned and reported spend)	% change in forecast LGF spend in 2021/22
East Sussex	11.923	10.201	-1.722	-14.4%
Essex	7.834	2.930	-4.903	-62.6%
Kent	27.389	19.955	-7.433	-27.1%
Medway	6.980	6.980		
Southend	6.516	5.092	-1.424	-21.9%
Thurrock	6.350		-6.350	-100.0%
Skills				
M20 Junction 10a				
LGF Sub-Total	66.990	45.158	-21.832	-32.6%
Retained	16.713	2.874	-13.840	-82.8%
Total Spend	83.704	48.032	-35.672	-42.6%

- 5.3. Due to the timing of the reporting cycle, the LGF spend figures for 2021/22 cannot be confirmed at this stage due to ongoing year end processes. Therefore, the 2021/22 year end position will be reported to the Board in July 2022.

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

Table 2: Summary LGF spend forecast – all years

LGF (£m)					
	Actual LGF spend to end of 2020/21	Reported LGF spend 2021/22	LGF forecast spend 2022/23 onwards	Total	% LGF allocation spent by 31 March 2021
East Sussex	64.172	10.201	7.647	82.020	78.2%
Essex	90.199	2.930	20.861	113.991	79.1%
Kent	100.575	19.955	8.126	128.656	78.2%
Medway	25.460	6.980		32.440	78.5%
Southend	27.126	5.092	1.496	33.715	80.5%
Thurrock	29.491		6.350	35.840	82.3%
Skills	21.975			21.975	100.0%
M20 Junction 10a	19.700			19.700	100.0%
Sub-total	378.698	45.158	44.480	468.335	80.9%
DfT retained	93.887	2.874	13.840	110.600	84.9%
Total spend forecast	472.584	48.032	58.319	578.935	81.6%

5.5. Table 2 shows that 81.6% of the total LGF allocation (including DfT retained schemes) had been reported as spent by the end of March 2021. It is currently reported that 45.2% of the remaining LGF funding (including DfT retained schemes) has been spent in 2021/22.

5.6. It was reported at the February 2022 Board meeting that 83.6% of the LGF had been spent by the end of March 2021. The latest round of reporting by local partners has included a number of changes to reported LGF spend in 2020/21 which has resulted in a reduction in the level of reported LGF spend as at 31 March 2021. The most significant change has been as a result of a comprehensive review of reported LGF spend which has been undertaken by Kent County Council.

5.7. Table 3 below shows the changes between LGF spend in 2020/21 reported in September 2021 when the year-end position was reported, and those provided in the most recent reporting submissions by local partners.

Table 3: Changes in reported LGF spend in 2020/21

	LGF (£m)			
	LGF spend in 2020/21 (as reported in September 2021)	LGF spend in 2020/21 (as reported in April 2022)	Variance (between September 2021 and April 2022 reported spend)	% change in reported LGF spend
East Sussex	4.473	4.473	0.000	0.0%
Essex	10.997	11.557	0.560	5.1%
Kent	24.696	12.790	-11.906	-48.2%
Medway	4.103	4.103	0.000	0.0%
Southend	1.855	1.827	-0.028	-1.5%
Thurrock	3.189	3.189	0.000	0.0%
Skills	0.00	0.000	0.000	0.0%
M20 Junction 10a	0.000	0.000	0.000	0.0%
LGF Sub-Total	49.314	37.940	-11.374	-23.1%
Retained	23.250	23.250	0.000	0.0%
Total Spend	72.564	61.190	-11.374	-15.7%

- 5.8. As agreed by the Board, and in line with the commitment made to Government, the majority of the remaining LGF received from MHCLG was transferred to relevant local partners at the end of 2020/21 to support delivery of approved projects beyond 31 March 2021, which represented the official end of the Growth Deal period. The only Government funding still held by Essex County Council, as the Accountable Body for SELEP, totalled £5.146m. This was made up of the remaining balance held against the A28 Sturry Link Road project (£4.656m) and a historic error in Essex County Council's grant claims (£0.490m) which was resolved in 2021/22.
- 5.9. At the November 2021 meeting, the Board agreed that this funding could be transferred to Kent County Council to support delivery of the project on condition that all the required land acquisition was completed by 31 August 2023. The required legal agreement to formalise the application of this condition to the funding award has now been completed and the £4.656m LGF has been transferred to Kent County Council in 2021/22. More information on this project can be found under Agenda Item 8.
- 5.10. Further to the decision by the Board in September 2021 to reduce the LGF allocation to the A26 Tunbridge Wells Cycle and Junction Improvements Package, the £623,389 removed from the Project was returned to the Accountable Body by Kent County Council. Variation Agreements have been completed and £300,517 has been transferred to Essex County Council and Southend City Council for allocation to Mercury Rising and Southend Airport Business Park projects.
- 5.11. Delivery of the ongoing LGF projects and spend of the funding transferred to local partners at the end of 2020/21 and during 2021/22 will continue to be monitored until all projects have reached completion.

6. Deliverability and Risk

- 6.1. Appendix D sets out a delivery update and risk assessment for all projects included in the LGF programme. This provides a detailed breakdown of the delivery progress for each LGF project, relative to the expected completion dates, as set out in the original business cases.
- 6.2. Changes to the structure of Appendix D have been made to ensure that it is possible to differentiate between those projects which have completed their LGF spend but which are continuing to deliver against their agreed Business Case and those projects which have completed both LGF spend and delivery in accordance with their agreed Business Case. This change in approach has meant that a small number of projects which were previously reported as complete, due to their LGF allocation having been spent in full, now being shown as ongoing. Delivery of the remaining works required as per the agreed project Business Case will continue to be monitored.
- 6.3. The summary project risk assessment position is set out in Table 4 below. A score of 5 represents high risk (red) whereas a score of 1 represents low risk (green).
- 6.4. The risk assessment has been conducted for LGF projects based on:
 - 6.4.1. **Delivery** – considers project delays and any delays to the delivery of project outputs/outcomes. SELEP has considered the delay between the original expected project completion date (as stated in the project business case) and the updated forecast project completion date.
 - 6.4.2. To ensure consistency with Government guidance on the assessment of LGF project deliverability risk, all projects with a greater than 3 month delay are shown as having a risk of greater than 4 (Amber/Red), unless the project has now been delivered and there is no substantial impact on the expected project outcomes delivery.
 - 6.4.3. **Finances** – considers changes to project spend profiles, project budget, certainty of match funding contributions and amount of LGF spend forecast beyond 31 March 2022.
 - 6.4.4. **Reputation** – considers the reputational risk for the delivery partner, local authority and SELEP Ltd.

Table 4: Summary of LGF project risk

Risk Score	Number of projects	LGF allocation to projects (£m)	LGF spend beyond 30 September 2021 (£m)
Low risk - 1	66	242.267	3.744
Low/Medium risk - 2	11	61.197	9.268
Medium risk - 3	15	102.393	27.966
Medium/High risk - 4	5	33.860	23.496
High risk - 5	9	139.218	28.544
Total	106	578.935	93.018

6.5. In total, £28.544m of LGF is currently forecast for spend on high-risk projects beyond September 2021, with £27.61m still reported as unspent as at 31 March 2022. A summary of the 9 high risk projects is set out in Appendix E.

6.6. Updates on 6 of the high-risk projects are provided under Agenda Items 8, 9, 10 and 11. In summary, the position regarding the other 3 high-risk projects is as follows:

6.6.1. A127 Fairglens Junction Improvements (DfT retained scheme) (total LGF allocation £15m) – whilst the Board approved the award of the remaining £13.5m LGF allocation to the Project in February 2021, a final decision to approve the Project from the Secretary of State for Transport remains outstanding. DfT have now indicated a requirement for additional obligations to have been met by Essex County Council before the funding decision will be taken. Essex County Council are working to meet these obligations as soon as possible. The Board will be regularly updated on the project as Essex County Council work towards securing approval from the Secretary of State for Transport.

6.6.2. A28 Chart Road, Kent (total LGF allocation £2.756m) – the Project remains on hold whilst waiting for the Chilmington developer to reach their planning obligation to provide funding for the Project, under the terms of the S106 agreement. This planning obligation will be reached once 400 homes have been occupied on the site. It was originally anticipated that the planning obligation would be reached in 2022 or 2023, however, the build out rate has been slower than anticipated so it is looking likely that the planning obligation will not be reached until 2023 or 2024. There remains a risk that LGF spend to date totalling £2.756m may become an abortive revenue cost which would require repayment of the funding to SELEP.

6.6.3. A289 Four Elms Roundabout to Medway Tunnel (total LGF allocation £1.821m) – the LGF funding allocated to the Project has been spent in full progressing the design for the scheme, however, the improvements to the road will be delivered as part of Medway Council's New Routes to Good Growth (Future Hoo) Housing Infrastructure Fund (HIF) project. A second round of consultation on the proposals for the HIF

project closed in mid-January, with plans for the project to be finalised in Spring/Summer 2022. A report will be taken to Medway Council Cabinet in July 2022, which will provide an update on the consultation, the impact of design freeze and the next steps. It is intended that a planning application will be submitted in early 2023.

6.6.4. In light of the current status of the HIF project, there remains a risk that LGF spend to date totalling £1.821m may become an abortive revenue cost which would require repayment to SELEP.

7. Local Growth Fund project delivery beyond September 2021

- 7.1. In April 2020, the Strategic Board agreed to extend the delivery of the Growth Deal period by six months to 30 September 2021. Any further extensions beyond this date must be considered by both the Strategic Board and Accountability Board on a case-by-case basis.
- 7.2. Based on the latest LGF reporting provided by local partners, 26 projects are currently forecasting LGF spend beyond 30 September 2021 totalling £77.2298m, as set out in Appendix C. All of these projects have been considered and approved for spend beyond 30 September 2021 by both the Board and Strategic Board.
- 7.3. If any of the approved projects report a project completion date which is delayed by more than 6 months, a further decision is required from the Board to grant this extension. This requirement is in line with the change management process set out in the Assurance Framework and Service Level Agreements between SELEP Ltd, Essex County Council, as Accountable Body, and the local authorities.
- 7.4. At this meeting the Board are asked to consider the Hastings and Bexhill Movement and Access Package which is reporting a delay to its' completion date of more than 6 months. The project has previously received Board approval for LGF spend beyond September 2021, and the delay outlined below reflects the difference between the completion date reported at the time of the request for LGF spend beyond September 2021 and the completion date provided in the LGF reporting submitted by East Sussex County Council in the lead up to this meeting.
- 7.5. The Hastings and Bexhill Movement and Access Package has received a total LGF investment of £9m, with £3.819m of this funding forecast for spend beyond 2021/22. When the Board considered the request for LGF spend on the project beyond September 2021, a completion date of December 2022 was reported. This completion date has now been revised to Summer 2025 for the reasons outlined below.
- 7.6. As part of the Hastings and Bexhill Movement and Access Package, £0.4m was allocated towards pedestrian and public realm improvements in Havelock Road in Hastings. Havelock Road forms one of the key pedestrian routes between the rail station, the town centre and the seafront.

- 7.7. Hastings Borough Council were successful in securing £24.4m for their Hastings Town Deal that was announced in June 2021. Part of the Town Deal includes £3m for the Town Centre Public Realm & Green Connections project which focusses on enhancing the environment. The project proposal includes infrastructure for improved active travel, enhanced public realm and creation of public spaces in the town centre alongside introducing beautiful ecologically rich and biodiverse horticulture into the town centre that is cost-effective and simple to maintain. The objective being to increase dwell time, visitor numbers, generating higher spend and attract new investment.
- 7.8. The Town Deal project is currently being developed to RIBA stage 2 by Summer 2022 and from the initial scoping undertaken by the appointed consultants and project team involving Hastings Borough Council, East Sussex County Council and the Hastings Garden Town team on the geographical extent of the project, the focus will be on Havelock Road and the areas adjacent to this. Therefore, whilst initial proposals to utilise the LGF funding for Havelock Road had been developed for construction, in light of the Town Deal funding bringing together the two funding sources to develop a more comprehensive scheme for the town centre focussed on Havelock Road will maximise the overall benefits derived from both funding sources augmenting one another and reduces any potential abortive spend.
- 7.9. Following the completion of the preliminary design it is expected that the detailed design will take place during the remainder of 2022/23 and early 2023/24. Works will be carried out using the East Sussex County Council main highways contract.

Table 5 – Indicative Programme

Task	Date
Completion of (RIBA 2) preliminary design	Summer 2022
Submission of £3m Town Deal business case	July 2022
Approval of Town Deal business case	September 2022
Consultation on preliminary design proposals	Autumn 2022
Approval to proceed to detailed design	Winter 2023
Procure/commence (RIBA 3/4) detailed design	Spring 2023
Completion of (RIBA 3/4) detailed design	Winter 2024
Advertisement of Traffic Regulation Orders	Spring 2024
Commence construction	Summer 2024
Construction complete	Summer 2025

- 7.10. The Board is asked to agree the updated completion date for this project.

8. Projects remaining on LGF pipeline

- 8.1. As set out in Section 4 of this report, the first 10 projects identified on the LGF pipeline have now received their additional LGF funding following approval by the Board in February and March 2021. Subsequently, the next two projects on the pipeline – the Kent and Medway EDGE Hub and the Mercury Rising

projects – received the additional funding requested following the cancellation of the Basildon Innovation Warehouse project and the reduction in LGF allocation to the A26 Tunbridge Wells Cycle and Junction Improvements Package. In addition, the Southend Airport Business Park project has received a small proportion of the additional LGF funding requested.

- 8.2. For the remaining projects on the pipeline (listed in appendix B), additional LGF can only be awarded if further LGF funding becomes available through the cancellation of existing projects within the LGF programme. If any further LGF funding becomes available, the award of this funding will be considered under Agenda Item 12, alongside the reallocation of the £0.207m LGF due to be removed from the A127 Essential Maintenance project at this meeting as set out in Section 4.7 of this report.
- 8.3. It should be noted that clearly none of the projects remaining on the LGF pipeline will be able to spend any additional LGF funding awarded prior to the end of September 2021 and therefore the Board will be asked to consider whether the projects meet the conditions for LGF spend beyond September 2021 before awarding any available funding to support project delivery.
- 8.4. In advance of additional funding becoming available it is expected that these projects will proceed, as per the agreed scope in the project business cases, and that any increases in project cost will be met by local partners, as per the conditions of the grant.
- 8.5. No concerns have been raised regarding the deliverability of the projects remaining on the pipeline, as local partners or the relevant third-party delivery partners plan to meet the increase in project costs. These projects will remain under review and risks to the delivery of the Board will be brought to the Board's attention.

9. LGF Programme Risks

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

10. Financial Implications (Accountable Body comments)

- 10.1. All funding allocations which are agreed by the Board are dependent on the Accountable Body receiving sufficient funding from HM Government. The only outstanding LGF funding expected to be received from HM Government is in respect of the funding for the A127 Fairglens junction improvements project,

which remains subject to final approval from the Secretary of State for Transport.

- 10.2. The Accountable Body did not hold a balance of LGF as at the end of 2021/22. The final balance of £4.656m LGF allocated to the Sturry Link Road project was transferred to Kent County Council in 2021/22 and a further £623,389 removed from the A26 Tunbridge Wells Cycle and Junction Improvements Package was returned to the Accountable Body by Kent County Council and subsequently was allocated to existing LGF projects from the pipeline at the November 2021 Board meeting and transferred to the lead authorities on completion of the necessary variation agreements .
- 10.3. At the end of the financial year 2020/21, the majority of the remaining balance of LGF for each project was transferred to each Local Authority using the 'freedoms and flexibilities' afforded to SELEP, to demonstrate spend of LGF by the end of the Growth Deal, 31 March 2021. The LGF transfers of Capital in advance of need were to be used as an 'Option 4' capital swap (whereby funding can be applied against the partner Council's wider Capital programme provided the equivalent funding is recycled back to LGF delivery in future years) or to be held as a ringfenced grant by the respective Local Authorities.
- 10.4. With the remaining balance of LGF for each project having been transferred in advance to the Local Authorities, there is a requirement for the Board to continue to effectively monitor the progress of the LGF projects in order to provide assurance of delivery in line with the agreed business cases. Updates to the Board to include ongoing monitoring of possible risks which may impact delivery of LGF projects along with proposed mitigations is essential, due to the current uncertain economic climate and increasing inflation, together with ongoing impacts experienced following Covid-19 pandemic and Brexit.
- 10.5. Essex County Council, as the Accountable Body, is responsible for ensuring that the LGF funding is utilised in accordance with the conditions set out by Government for use of the Grant. This is managed through a Service Level Agreement (SLA) that is in place with each Partner Authority and sets out the conditions of the grant.
- 10.6. Should the funding not be utilised in accordance with the conditions, the Government may request return of the funding or withhold future funding streams.

11. Legal Implications (Accountable Body comments)

- 11.1. The grant funding will be administered in accordance with the terms of the Grant Determination Letter between the Accountable Body and Central Government and required to be used in accordance with the terms of the Service Level Agreements between the Accountable Body and the Partner Authorities.

- 11.2. It is an expectation that the Partner Authorities mirror the terms of the SLA within its funding agreements with the delivery partners.
- 11.3. If a project fails to proceed, in line with the conditions of the SLA or grant conditions from Central Government, the Accountable Body may clawback the funding for reallocation by SELEP Ltd.

12. Equality and Diversity implication

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

13. List of Appendices

- 13.1. Appendix A – LGF spend forecast update
- 13.2. Appendix B – LGF pipeline, agreed by the Strategic Board in Dec 2020
- 13.3. Appendix C – Projects spending LGF beyond 30 September 2021
- 13.4. Appendix D – Project deliverability and risk update
- 13.5. Appendix E – High Risk Projects
- 13.6. Appendix F – LGF Programme Risks

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

Local Growth Fund Capital Programme Update

Role	Date
Accountable Body sign off	
Stephanie Mitchener	19/05/2022
(On behalf of Nicole Wood, S151 Officer, Essex County Council)	

Appendix A LGF spend forecast update												
SELEP number	Project Name	Promoter	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24 and beyond	All Years
East Sussex												
LGF00002	Newhaven Flood Defences	East Sussex	0.300	0.800	0.400							1.500
LGF00023	Hailsham/Polegate/Eastbourne Movement and Access Transport scheme	East Sussex			0.254		1.009	0.291	0.276	0.270		2.100
LGF00024	Eastbourne and South Wealden Walking and Cycling LSTF package	East Sussex	0.600	0.370	1.630	0.498	0.674	0.476	0.482	1.870		6.600
LGF00036	Queensway Gateway Road	East Sussex	1.419	1.121	5.000	0.890	1.066	0.504				10.000
LGF00066	Swallow Business Park, Hailsham (A22/A27 Growth Corridor)	East Sussex	0.505	0.895								1.400
LGF00067	Sovereign Harbour (aka Site Infrastructure Investment)	East Sussex	0.530	1.170								1.700
LGF00085	North Bexhill Access Road and Bexhill Enterprise Park	East Sussex	6.410	4.600	5.590	2.000						18.600
LGF00042	Hastings and Bexhill Movement and Access Package	East Sussex			0.345	0.796	1.408	1.061	1.571	3.819		9.000
LGF00043	Hastings and Bexhill LSTF walking and cycling package (combined with above scheme)	East Sussex										
LGF00044	Eastbourne town centre LSTF access & improvement package	East Sussex		0.550	0.245	3.700	0.749	0.440	1.544	0.772		8.000
LGF00073	A22/A27 junction improvement package	East Sussex										
LGF00068	Coastal Communities Housing Intervention Hastings	East Sussex			0.667							0.667
LGF00097	East Sussex Strategic Growth Project	East Sussex			3.550	4.300	0.350					8.200
LGF00099	Devonshire Park	East Sussex			5.000							5.000
LGF00108	Bexhill Enterprise Park North	East Sussex							1.940			1.940
LGF00109	Skills for Rural Businesses Post-Brexit	East Sussex					0.229	1.071	2.198	0.915		4.413
LGF00110	Churchfields Business Centre (previously known as Sidney Little Road Business Incubator Hub)	East Sussex					0.065	0.054	0.381			0.500
LGF00116	Bexhill Creative Workspace	East Sussex					0.014	0.577	0.369			0.960
LGF00117	Exceat Bridge Replacement	East Sussex										
LGF00124	Eastbourne Fisherman	East Sussex							1.440			1.440
Essex												
LGF00004	Colchester Broadband Infrastructure	Essex	0.200									0.200
LGF00025	Colchester LSTF	Essex	0.911	1.489								2.400
LGF00026	Colchester Integrated Transport Package	Essex	1.527	0.673	1.400	1.400						5.000
LGF00027	Colchester Town Centre	Essex	0.955	2.574	1.071							4.600
LGF00028	TGSE LSTF - Essex	Essex	2.131	0.869								3.000
LGF00031	A414 Pinch Point Package: A414 First Avenue & Cambridge Rd junction	Essex	5.870	2.130	2.000	0.487						10.487
LGF00032	A414 Maldon to Chelmsford RBS	Essex	1.000	1.000								2.000
LGF00033	Chelmsford Station / Station Square / Mill Yard	Essex	0.409	0.605	1.248	0.738						3.000
LGF00034	Basildon Integrated Transport Package	Essex	1.633			0.750	4.203					6.586
LGF00037	Colchester Park and Ride and Bus Priority measures	Essex	5.800									5.800
LGF00048	A131 Chelmsford to Braintree	Essex			1.396	1.104	1.160					3.660
LGF00049	A414 Harlow to Chelmsford (removed from programme)	Essex										
LGF00050	A133 Colchester to Clacton	Essex				0.525	1.821	0.394				2.740
LGF00051	A131 Braintree to Sudbury (removed from programme)	Essex										
LGF00063	Chelmsford City Growth Area Scheme	Essex			1.000	2.500	4.000	2.500				10.000
LGF00064	Chelmsford Flood Alleviation Scheme (removed from programme)	Essex										
LGF00070	Beaulieu Park Railway Station	Essex									12.000	12.000
LGF00068	Coastal Communities Housing Intervention (Jaywick)	Essex			0.667							0.667
LGF00095	Gilden Way Upgrading, Harlow	Essex			5.000							5.000
LGF00098	Technical and Professional Skills Centre at Stansted Airport	Essex			2.000	1.500						3.500
LGF00100	Innovation Centre - University of Essex Knowledge Gateway	Essex			1.000	1.000						2.000
LGF00101	STEM Innovation Centre - Colchester Institute	Essex			0.100	2.153	2.747					5.000
LGF00102	A127/A130 Fairglen Interchange new link road	Essex				1.700	0.176	4.359				6.235
LGF00103	M11 Junction 8 Improvements	Essex				1.800	0.439	0.161	0.334	1.000		3.734
LGF00105	Mercury Rising Theatre	Essex					1.000		0.228			1.228
LGF00111	Basildon Digital Technologies Campus	Essex						2.150				2.150
LGF00112	Colchester Institute training centre (Groundworks and scaffolding)	Essex						0.050				0.050
LGF00113	USP College Centre of Excellence for Digital Technologies and Immersive Learning , Benfleet	Essex						0.743	0.157			0.900
LGF00114	Flightpath Phase 2	Essex					0.782	1.200				1.982
LGF00118	Basildon Innovation Warehouse (removed from programme)	Essex										
LGF00119	University of Essex Parkside (Phase 3)	Essex							0.499	4.501		5.000
LGF00125	New Construction Centre, Chelmsford	Essex							1.295			1.295
LGF00127	Colchester Grow on Space	Essex							0.417	3.360		3.777
Kent												
LGF00003	I3 Innovation Investment Loan Scheme	Kent		0.389	2.950	0.941	1.360	0.004	0.356			6.000
LGF00006	Tonbridge Town Centre Regeneration	Kent	1.833	0.799								2.631
LGF00007	Sittingbourne Town Centre Regeneration	Kent	0.345	2.155	0.001							2.500

Appendix A LGF spend forecast update												
SELEP number	Project Name	Promoter	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24 and beyond	All Years
LGFO0008	M20 Junction 4 Eastern Overbridge	Kent	0.488	1.712								2.200
LGFO0009	Tunbridge Wells Jct Improvement Package (formerly - A26 London Rd/ Speldhurst Rd/ Yew Tree Rd, Tun Wells)	Kent	0.603	0.189	0.049	0.315	0.010	0.011				1.177
LGFO0010	Kent Thameside LSTF	Kent	2.051	0.480	0.720	0.252	0.286	0.585	0.126			4.500
LGFO0011	Maidstone Gytratory Bypass	Kent	0.704	3.724	0.171							4.600
LGFO0012	Kent Strategic Congestion Management Programme	Kent	0.863	0.687	0.604	0.236	0.389	1.424	0.597			4.800
LGFO0013	Middle Deal transport improvements	Kent		0.800								0.800
LGFO0014	Kent Rights of Way improvement plan	Kent	0.193	0.056	0.137	0.177	0.335	0.101				1.000
LGFO0015	Kent Sustainable Interventions Programme	Kent	0.143	0.406	0.529	0.394	0.245	0.483	0.527			2.728
LGFO0016	West Kent LSTF	Kent	0.800	1.308	0.333	1.388	0.196	0.875				4.900
LGFO0017	Folkestone Seafront : onsite infrastructure and engineering works	Kent	0.533	0.008								0.541
LGFO0038	A28 Chart Road - on hold	Kent	0.885	0.984	0.887							2.756
LGFO0039	Maidstone Integrated Transport	Kent		0.265	1.114	0.668	1.517	1.028	0.939	1.512	1.857	8.900
LGFO0040	A28 Sturry Link Road	Kent		0.401	0.385	0.285	0.038		0.400	4.000	0.391	5.900
LGFO0053	Rathmore Road	Kent	1.562	2.638								4.200
LGFO0054	A28 Sturry Rd Integrated Transport Package (removed from programme)	Kent	0.022	0.005	0.056		-0.084					
LGFO0055	Maidstone Sustainable Access to Employment	Kent	0.131	1.869								2.000
LGFO0059	Ashford Spurs	Kent		0.167	4.173	1.414	1.903	0.228	0.002			7.887
LGFO0041	Thanet Parkway	Kent							14.000			14.000
LGFO0058	Dover Western Dock Revival	Kent		4.915	0.085							5.000
LGFO0060	Westenhanger Lorry Park (removed from Programme)	Kent										
LGFO0062	Folkestone Seafront (non-transport)	Kent		1.967	3.033							5.000
LGFO0072	A226 London Road/B255 St Clements Way	Kent		0.715	0.846	2.638						4.200
LGFO0068	Coastal Communities Housing Intervention (Thanet)	Kent			0.063	0.511	0.093					0.667
LGFO0086	Dartford Town Centre Transformation	Kent				0.522	2.732	1.046				4.300
LGFO0088	Fort Halsted (removed from programme)	Kent										
LGFO0092	A2500 Lower Road	Kent			0.299	0.966						1.265
LGFO0093	Kent and Medway Engineering and Design Growth and Enterprise Hub	Kent			1.953	4.167			0.858	0.366		7.344
LGFO0096	A2 off-slip at Wincheap, Canterbury (removed from programme)	Kent										
LGFO0094	Leigh Flood Storage Area	Kent				0.964	0.829	0.506	0.051			2.349
LGFO0106	Sandwich Rail Infrastructure	Kent				0.040	1.873					1.913
LGFO0120	M2 J5 improvements	Kent							1.600			1.600
LGFO0121	Kent and Medway Medical School	Kent					4.000	4.500	0.500			9.000
LGFO0126	East Malling Advanced Technology Horticultural Zone	Kent						1.998	0.001			1.999
Medway												
LGFO0018	A289 Four Elms Roundabout to Medway Tunnel Journey time and Network Improvements	Medway	0.298	0.402	0.347	0.393	0.177	0.204				1.821
LGFO0019	Strood Town Centre Journey Time and Accessibility Enhancements	Medway	0.200	1.772	0.944	1.384	3.172	0.729	0.400			8.600
LGFO0020	Chatham Town Centre Place-making and Public Realm Package	Medway	0.870	0.945	0.881	0.747	0.756					4.200
LGFO0021	Medway Cycling Action Plan	Medway	0.228	1.150	0.919	0.203						2.500
LGFO0022	Medway City Estate Connectivity Improvement Measures	Medway	0.300	0.181	0.021	0.061	0.058	0.147	1.431			2.200
LGFO0061	Rochester Airport - phase 1	Medway		0.179	0.182	0.104	0.412	2.117	1.406			4.400
LGFO0089	IPM (Rochester Airport - phase 2)	Medway				0.099	0.471	0.567	2.563			3.700
LGFO0091	Strood Civic Centre - flood mitigation	Medway			1.122	2.378						3.500
LGFO0115	IPM 2 (Rochester Airport - phase 3)	Medway						0.339	1.180			1.519
Southend												
LGFO0005	Southend Growth Hub	Southend	0.018	0.702								0.720
LGFO0107	Southend Forum 2	Southend				0.470	0.668	-1.138				
LGFO0029	TGSE LSTF - Southend	Southend	0.800	0.200								1.000
LGFO0045	Southend Central Area Action Plan (SCAAP) - Transport Package	Southend		0.767	1.211	1.011	0.650	1.439	1.923			7.000
LGFO0057	London Southend Airport Business Park Phase 1 and 2 (including Southend and Rochford Joint Area Action Plan)	Southend		2.366	2.076	4.127	10.234	1.454	2.906			23.163
	London Southend Airport Business Park additional LGF (Subject to Board Approval)	Southend								0.207		0.207
LGFO0115	Southend Town Centre	Southend						0.073	0.263	1.289		1.625
	A127 Essential Maintenance - additional LGF	Southend										
Thurrock												
LGFO0030	TGSE LSTF - Thurrock	Thurrock	0.569	0.162	-0.015	0.160	0.125					1.000
LGFO0046	Thurrock Cycle Network	Thurrock		0.096	2.384	2.520						5.000
LGFO0047	London Gateway/Stanford le Hope	Thurrock		0.663	1.592	2.514	1.844	0.887				7.500
LGFO0052	A13 Widening - development	Thurrock		2.708		2.292						5.000
LGFO0056	Purfleet Centre	Thurrock		0.645	1.000	0.196	3.159					5.000
LGFO0104	Grays South	Thurrock					3.659	0.831		1.830	4.520	10.840

Appendix A LGF spend forecast update												
SELEP number	Project Name	Promoter	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24 and beyond	All Years
LGF00123	Tilbury Riverside (removed from programme)	Thurrock					0.029	-0.029				
	A13 widening - additional funding	Thurrock						1.500				1.500
Managed Centrally												
LGF00001	Skills		9.923	11.980	0.071							21.975
LGF00071	M20 Junction 10a				8.300	11.400						19.700
Sub-total			54.563	70.405	78.983	73.778	63.029	37.940	45.158	25.712	18.768	468.335
Provisional Funding Allocation from MHCLG												
			69.450	82.270	92.088	91.739	54.915	77.873				468.335
LGF slippage from 2015/16 to 2016/17												
			14.887									
LGF slippage from 2016/17 to 2017/18												
				26.752								
LGF slippage from 2017/18 to 2018/19												
					39.858							
LGF slippage from 2018/19 to 2019/20												
						57.819						
LGF slippage from 2019/20 to 2020/21												
							49.705					
LGF slippage from 2020/21 to 2021/22												
								89.638				
LGF slippage from 2021/22 to 2022/23												
									44.480			
DfT retained schemes												
LGF00079	A127 Fairglen Junction Improvements	Essex					1.500				13.500	15.000
LGF00080	A127 Capacity Enhancements Road Safety and Network Resilience (ECC)	Essex	0.513	3.487								4.000
LGF00081	A127 Kent Elms Corner	Southend	0.500	2.389	1.411							4.300
LGF00082	A127 The Bell	Southend				0.369	0.848	1.004	1.740	0.340		4.300
LGF00083	A127 Essential Bridge and Highway Maintenance - Southend	Southend	0.400	0.289	0.311	0.427	0.276	5.164	1.133			8.000
LGF00084	A13 Widening	Thurrock			13.408	11.507	33.002	17.083				75.000
Sub-total retained schemes			1.413	6.165	15.130	12.303	35.625	23.250	2.874	0.340	13.500	110.600
Provisional Funding Allocation from DfT												
			1.500	7.500	29.704	3.474	47.822	7.100	13.500			110.600

Appendix B – LGF pipeline, as at 27 May 2022

Project Name	Current LGF Allocation (£m)	Additional LGF Requested (£m)
Southend Airport Business Park Part A*	23.163	0.320
Southend Airport Business Park Part B		0.500
Southend Airport Business Park Part C		0.500
Parkside Phase 2	5.000	1.650
A13 Widening Part B	81.500	1.000
Dartford Town Centre Improvements**	4.300	1.000
Total	113.963	4.970

* subject to the Board agreeing to allocate funding to the project during this meeting

** subject to submission of a Business Case and completion of a review by the ITE

Appendix C - Projects spending LGF beyond 30 September 2021

SELEP number	Project Name	Promoter	LGF allocation (£m)	LGF spend beyond 30 September 2021 (£m)	% LGF spend beyond 30 September 2021	Expected project completion date
LGF00023	Hailsham/Polegate/Eastbourne Movement and Access Transport scheme	East Sussex	2.1000	0.5165	24.6%	Mar-23
LGF00024	Eastbourne and South Wealden Walking and Cycling LSTF package	East Sussex	6.6000	2.2823	34.6%	Mar-23
LGF00042	Hastings and Bexhill Movement and Access Package	East Sussex	9.0000	5.0699	56.3%	Mar-25
LGF00044	Eastbourne town centre LSTF access & improvement package	East Sussex	8.0000	2.2600	28.2%	Sep-22
LGF00108	Bexhill Enterprise Park North	East Sussex	1.9400	1.1163	57.5%	May-22
LGF00109	Skills for Rural Businesses Post-Brexit	East Sussex	4.4130	2.7822	63.0%	Jan-23
LGF00116	Bexhill Creative Workspace	East Sussex	0.9600	0.1301	13.6%	Mar-22
LGF00124	Eastbourne Fisherman	East Sussex	1.4400	0.9245	64.2%	Mar-22
LGF00070	Beaulieu Park Railway Station	Essex	12.0000	12.0000	100.0%	Dec-25
LGF00103	M11 Junction 8 Improvements	Essex	3.7339	1.1113	29.8%	Dec-22
LGF00105	Mercury Rising	Essex	1.2280	0.2280	18.6%	Mar-22
LGF00119	University of Essex Parkside (Phase 3)	Essex	5.0000	5.0000	100.0%	Mar-23
LGF00125	New Construction Centre, Chelmsford College	Essex	1.2952	1.1601	89.6%	Aug-22
LGF00127	Colchester Grow on Space	Essex	3.7775	3.5721	94.6%	Aug-22
LGF00039	Maidstone Integrated Transport	Kent	8.9000	3.9896	44.8%	Jun-24
LGF00040	A28 Sturry Link Road	Kent	5.9000	4.7049	79.7%	Jun-25
LGF00041	Thanet Parkway	Kent	14.0000	14.0000	100.0%	May-23
LGF00093	Kent and Medway EDGE Hub	Kent	7.3440	1.2240	16.7%	Jun-22
LGF00019	Strood Town Centre Journey Time and Accessibility Enhancements	Medway	8.6000	0.2440	2.8%	Mar-22
LGF00022	Medway City Estate Connectivity Improvement Measures	Medway	2.2000	1.3576	61.7%	Apr-22
LGF00089	IPM (Rochester Airport - Phase 2)	Medway	3.7000	2.1906	59.2%	Nov-22
LGF00115	IPM2 (Rochester Airport - Phase 3)	Medway	1.5185	0.9165	60.4%	Nov-22
LGF00045	Southend Central Area Action Plan (SCAAP)	Southend	7.0000	1.5112	21.6%	Jun-22
LGF00057	London Southend Airport Business Park	Southend	23.3695	1.1621	5.0%	Jul-22
LGF00115	Southend Town Centre	Southend	1.6250	1.4264	87.8%	Jan-24
LGF00104	Grays South	Thurrock	10.8403	6.3496	58.6%	Nov-24

Appendix D - Local Growth Fund Delivery and Risk															
Project	Deliverability									Financial				Overall RAG rating	
	Accountability Board approval	Delivery Status	Spend status of LGF funding award	Expected completion date (as stated in Business Case)	Expected completion date (Dec-21)	Expected completion date (Apr-22)	Months delay incurred (since original Business Case)	Months delay incurred (since last update)	Deliverability RAG rating	LGF allocation (£)	LGF spend to end of September 2021	LGF spend beyond September 2021	Financials RAG rating		Reputational risk RAG
East Sussex															
Newhaven Flood Defences	Jun-15	LGF project delivered	Complete	Feb-20	Sep-21	Mar-22	26	6	1	1,500,000	1,500,000		1	1	1
Hailsham, Polegate and Eastbourne Movement and Access Transport scheme	Feb-17	Design in progress	Ongoing	Mar-20	Mar-23	Mar-23	38		5	2,100,000	1,583,502	516,498	2	2	3
Eastbourne and South Wealden Walking and Cycling LSTF package	Nov-15 and Feb-19	Construction in progress	Ongoing	Mar-21	Mar-23	Mar-23	25		5	6,600,000	4,317,663	2,282,337	3	1	3
Queensway Gateway Road	Mar-15	Construction in progress	Complete	Mar-16	Mar-23	TBC			5	10,000,000	10,000,000		4	5	5
Swallow Business Park, Hailsham	Feb-16	LGF project delivered	Complete	Mar-17	Mar-17	Mar-17			1	1,400,000	1,400,000		1	1	1
Sovereign Harbour	Feb-16	LGF project delivered	Complete	Mar-17	Mar-17	Mar-17			1	1,700,000	1,700,000		1	1	1
North Bexhill Access Road and Bexhill Enterprise Park	Nov-15	Construction in progress	Complete	Mar-18	Dec-18	TBC			5	18,600,000	18,600,000		1	4	3
Hastings and Bexhill Movement and Access Package	Feb-18	Construction in progress	Ongoing	Mar-21	Mar-23	Mar-25	49	23	5	9,000,000	3,930,070	5,069,930	3	4	4
Eastbourne Town Centre LSTF access and improvement package	Apr-16 and Feb-19	Construction in progress	Ongoing	Mar-21	Sep-22	Sep-22	19		4	8,000,000	5,740,008	2,259,992	2	2	3
Coastal Communities Housing Intervention Hastings	Feb-17	LGF project delivered	Complete	Apr-20	Mar-20	Mar-20	-1		1	666,667	666,667		1	1	1
East Sussex Strategic Growth Project	Jan-17	Project in progress	Complete	Mar-21	Mar-20	TBC			5	8,200,000	8,200,000		1	3	3
Devonshire Park	Mar-17	LGF project delivered	Complete	Mar-20	Nov-19	Nov-19	-4		1	5,000,000	5,000,000		1	1	1
Bexhill Enterprise Park North	Jun-19	Construction in progress	Complete	Mar-20	Mar-22	May-22	26	1	5	1,940,000	823,743	1,116,257	1	3	3
Skills for Rural Businesses Post-Brexit (Plumpton College)	Jun-19 and Feb-21	Construction in progress	Ongoing	Mar-21	Nov-22	Jan-23	22	1	4	4,413,000	1,630,827	2,782,173	2	1	2
Churchfields Business Centre (previously known as Sidney Little Road Business Incubator Hub)	Jun-19	Construction in progress	Complete	Mar-21	Jul-22	Aug-22	17	1	4	500,000	500,000		1	1	2
Bexhill Creative Workspace	Sep-19	LGF project delivered	Complete	May-20	Jan-22	Mar-22	22	2	1	960,000	829,886	130,114	1	1	1
Eastbourne Fisherman's Quayside and Infrastructure Development project	Jul-20 and Feb-21	LGF project delivered	Complete	Jul-21	Mar-22	Mar-22	9		1	1,440,000	515,458	924,542	1	1	1
Essex															
Colchester Broadband Infrastructure	Mar-15	LGF project delivered	Complete	Mar-16	Mar-16	Mar-16			1	200,000	200,000		1	1	1
Colchester LSTF	Mar-15	LGF project delivered	Complete	Mar-16	Dec-16	Dec-16	9		1	2,400,000	2,400,000		1	1	1
Colchester Integrated Transport Package	Mar-15	LGF project delivered	Complete	Mar-21	Mar-21	Mar-21			1	5,000,000	5,000,000		1	1	1
Colchester Town Centre	Mar-15	LGF project delivered	Complete	Mar-16	Jan-18	Jan-18	22		1	4,600,000	4,600,000		1	1	1
TGSE LSTF - Essex	Mar-15	LGF project delivered	Complete	Aug-16	Mar-17	Mar-17	7		1	3,000,000	3,000,000		1	1	1
A414 Pinch Point Package	Jun-15	LGF project delivered	Complete	Mar-17	Mar-19	Mar-19	24		1	10,487,000	10,487,000		1	1	1
A414 Maldon to Chelmsford RBS	Jun-15	LGF project delivered	Complete	Mar-17	Dec-16	Dec-16	-3		1	2,000,000	2,000,000		1	1	1
Chelmsford Station/Station Square/Mill Yard	Jun-15	LGF project delivered	Complete	Dec-17	May-19	May-19	17		1	3,000,000	3,000,000		1	1	1
Basildon Integrated Transport Package	Mar-15, May-17 and Feb-19	LGF project delivered	Complete	Mar-21	Mar-21	May-21	2	2	1	6,586,000	6,586,000		1	1	1
Colchester Park and Ride and Bus Priority measures	Mar-15	LGF project delivered	Complete	Apr-15	Apr-15	Apr-15			1	5,800,000	5,800,000		1	1	1
A127 Fairglen junction improvements	Pending	Approval pending	Ongoing	Sep-22	Apr-24	TBC			5	15,000,000	1,500,000	13,500,000	5	5	5
A127 capacity enhancements	Jun-15	LGF project delivered	Complete	Dec-20	Nov-18	Nov-18	-25		1	4,000,000	4,000,000		1	1	1
A131 Chelmsford to Braintree	Feb-17	LGF project delivered	Complete	Mar-20	Apr-20	Apr-20	1		1	3,660,000	3,660,000		1	1	1
A133 Colchester to Clacton	Nov-17	LGF project delivered	Complete	Mar-20	Jun-20	Jun-20	4		1	2,740,000	2,740,000		1	1	1
Chelmsford City Growth Area Scheme	Dec-17	LGF project delivered	Complete	Mar-21	Sep-21	Sep-21	7		1	10,000,000	10,000,000		1	1	1
Beaulieu Park Railway Station	Feb-19	Design in progress	Ongoing	Mar-24	Dec-25	Dec-25	21		4	12,000,000		12,000,000	5	4	4
Coastal Communities Housing Intervention Iawwick	Feb-17	LGF project delivered	Complete	Jun-19	Jun-19	Jun-19			1	666,667	666,667		1	1	1

Appendix D - Local Growth Fund Delivery and Risk															
Project	Accountability Board approval	Delivery Status	Spend status of LGF funding award	Deliverability						Financial					
				Expected completion date (as stated in Business Case)	Expected completion date (Dec-21)	Expected completion date (Apr-22)	Months delay incurred (since original Business Case)	Months delay incurred (since last update)	Deliverability RAG rating	LGF allocation (£)	LGF spend to end of September 2021	LGF spend beyond September 2021	Financials RAG rating	Reputational risk RAG	Overall RAG rating
Gilden Way upgrading	Dec-17	LGF project delivered	Complete	Mar-21	Sep-21	Sep-21	7		1	5,000,000	5,000,000		1	1	1
Technical and Professional Skills Centre at Stansted Airport	May-17	LGF project delivered	Complete	Sep-18	Sep-18	Sep-18			1	3,500,000	3,500,000		1	1	1
Innovation Centre - University of Essex Knowledge Gateway	Sep-17	LGF project delivered	Complete	Jan-19	Apr-19	Apr-19	4		1	2,000,000	2,000,000		1	1	1
STEM Innovation Centre - Colchester Institute	Dec-17	LGF project delivered	Complete	Jan-19	Dec-19	Apr-20	15	4	1	5,000,000	5,000,000		1	1	1
A127/A130 Fairglens Interchange new link road	Feb-19	Design in progress	Complete	Apr-22	Apr-24	TBC			5	6,235,000	6,235,000		1	5	4
M11 junction 8 improvements	Nov-17 and Mar-21	Construction in progress	Ongoing	Mar-21	Dec-22	Dec-22	22		4	3,733,896	2,622,597	1,111,299	3	3	3
Mercury Rising Theatre	Nov-17 and Sep-21	LGF project delivered	Complete	Mar-20	Mar-22	Mar-22	25		1	1,228,000	1,000,000	228,000	1	1	1
Basildon Digital Technologies Campus	Jun-19	LGF project delivered	Complete	Sep-20	Sep-21	Sep-21	12		1	2,150,000	2,150,000		1	1	1
Colchester Institute training centre (Groundworks and scaffolding)	Jun-19	LGF project delivered	Complete	Jan-20	Mar-21	Mar-21	15		1	50,000	50,000		1	1	1
USP College Centre of Excellence for Digital Technologies and Immersive Learning , Benfleet	Jun-19	LGF project delivered	Complete	Sep-20	Sep-21	Sep-21	13		1	900,000	900,000		1	1	1
Flightpath Phase 2	Jun-19 and Feb-21	LGF project delivered	Complete	Sep-20	Sep-21	Sep-21	12		1	1,981,500	1,981,500		1	1	1
University of Essex Parkside (Phase 3)	Feb-20	Construction in progress	Ongoing	Mar-21	Mar-23	Mar-23	24		4	5,000,000		5,000,000	5	2	4
New Construction Centre, Chelmsford College	Jul-20	Construction in progress	Complete	Sep-21	Feb-22	Aug-22	11	6	4	1,295,200	135,100	1,160,100	1	2	2
Colchester Grow on Space, Queen Street	Feb-21	Construction in progress	Ongoing	Jul-22	Aug-22	Aug-22	1		2	3,777,451	205,391	3,572,060	5	2	3
Kent															
I3 Innovation Project (formerly referred to as the Kent and Medway Growth Hub)	Nov-15	LGF project delivered	Complete	Mar-21	Jun-21	Jun-21	3		1	6,000,000	6,000,000		1	1	1
Tonbridge Town Centre Regeneration	Mar-15	LGF project delivered	Complete	Mar-17	Apr-17	Apr-17	1		1	2,631,269	2,631,269		1	1	1
Sittingbourne Town Centre Regeneration	Nov-15	LGF project delivered	Complete	Sep-16	Mar-21	Mar-21	56		1	2,500,000	2,500,000		1	1	1
M20 junction 4 Eastern Overbridge	Mar-15	LGF project delivered	Complete	Feb-17	Feb-17	Feb-17			1	2,200,000	2,200,000		1	1	1
Tunbridge Wells junction improvement package	Jun-15 and Sep-17	Project ongoing	Complete	Sep-19	Mar-19	TBC			5	1,176,611	1,176,611		1	1	2
Kent Thameside LSTF	Mar-15	LGF project delivered	Complete	Mar-21	Aug-21	Apr-22	12	8	1	4,500,000	4,500,000		1	1	1
Maidstone Gyratory Bypass	Mar-15	LGF project delivered	Complete	Feb-17	Dec-16	Dec-16	-2		1	4,600,000	4,600,000		1	1	1
Kent Strategic Congestion Management programme	Mar-15, Apr-16, Feb-17 and Feb-18, and Feb-21	Construction in progress	Complete	Mar-21	Mar-22	May-22	13	1	4	4,800,000	4,800,000		1	2	2
Middle Deal transport improvements	Feb-16	LGF project delivered	Complete	Dec-16	Sep-21	Sep-21	59		1	800,000	800,000		1	1	1
Kent Rights of Way improvement plan	Mar-15	LGF project delivered	Complete	Mar-21	Mar-21	Mar-21			1	1,000,000	1,000,000		1	1	1
Kent Sustainable Interventions Programme	Mar-15, Apr-16, Feb-17 and Feb-18	LGF project delivered	Complete	Mar-21	Mar-21	Mar-21			1	2,727,586	2,727,586		1	1	1
West Kent LSTF	Apr-16	LGF project delivered	Complete	Mar-21	Sep-21	Sep-21	6		1	4,900,000	4,900,000		1	1	1
Folkestone Seafront: onsite infrastructure	Mar-15	LGF project delivered	Complete	Sep-15	Mar-16	Mar-16	6		1	541,145	541,145		1	1	1
A28 Chart Road	Nov-15	Project on hold	Complete	Mar-20	TBC	TBC			5	2,756,283	2,756,283		5	4	5

Appendix D - Local Growth Fund Delivery and Risk															
Project	Accountability Board approval	Delivery Status	Spend status of LGF funding award	Deliverability						Financial					
				Expected completion date (as stated in Business Case)	Expected completion date (Dec-21)	Expected completion date (Apr-22)	Months delay incurred (since original Business Case)	Months delay incurred (since last update)	Deliverability RAG rating	LGF allocation (£)	LGF spend to end of September 2021	LGF spend beyond September 2021	Financials RAG rating	Reputational risk RAG	Overall RAG rating
Maidstone Integrated Transport Package	Nov-15 and Jun-18	Design in progress	Ongoing	Feb-20	Jun-24	Jun-24	54		5	8,900,000	4,910,425	3,989,575	4	5	5
A28 Sturry Link Road	Jun-16	Design in progress	Ongoing	Oct-21	Jun-25	Jun-25	46		5	5,900,000	1,195,059	4,704,941	5	4	5
Rathmore Road	Nov-15	LGF project delivered	Complete	Nov-17	Feb-18	Feb-18	3		1	4,200,000	4,200,000		1	1	1
Maidstone Sustainable Access to Employment	Nov-15	LGF project delivered	Complete	Mar-16	Jun-17	Jun-17	15		1	2,000,000	2,000,000		1	1	1
Ashford Spurs	Sep-16 and May-17	LGF project delivered	Complete	Apr-18	Apr-20	Apr-20	24		1	7,886,830	7,886,830		1	1	1
Thanet Parkway	Apr-19	Construction in progress	Complete	Dec-21	Dec-22	May-23	17	4	4	14,000,000		14,000,000	1	3	3
Dover Western Docks revival	Feb-17	LGF project delivered	Complete	Feb-17	Apr-17	Apr-17	2		1	5,000,000	5,000,000		1	1	1
Folkestone Seafront (non-transport)	Feb-16	LGF project delivered	Complete	Dec-17	Mar-18	Mar-18	3		1	5,000,000	5,000,000		1	1	1
A226 London Road/B255 St Clements Way	Nov-16	LGF project delivered	Complete	Mar-20	May-19	May-19	-9		1	4,200,000	4,200,000		1	1	1
Coastal Communities Housing Intervention (Thanet)	Feb-16	LGF project delivered	Complete	Mar-21	Mar-21	Mar-21			1	666,666	666,666		1	1	1
Dartford Town Centre Transformation	Apr-18	Construction in progress	Complete	Mar-21	Dec-22	Dec-23	33	11	5	4,300,000	4,300,000		1	3	3
A2500 Lower Road	Sep-17	LGF project delivered	Complete	Dec-19	Mar-19	Mar-19	-9		1	1,264,930	1,264,930		1	1	1
Kent and Medway EDGE hub	Sep-17, Mar-21 and Sep 21	Construction in progress	Ongoing	Aug-20	Mar-22	Jun-22	21	3	4	7,344,000	6,120,000	1,224,000	2	1	2
Leigh Flood Storage Area and East Peckham - unlocking growth	Sep-18	Design in progress	Complete	Jul-23	Jul-23	Oct-25	27	27	5	2,349,000	2,349,000		1	2	3
Sandwich Rail Infrastructure	Nov-17	LGF project delivered	Complete	Mar-20	Feb-20	Feb-20	-1		1	1,913,170	1,913,170		1	1	1
M2 Junction 5	Feb-20	Construction in progress	Complete	Jan-23	Dec-24	Dec-24	24		4	1,600,000	1,600,000		1	4	3
Kent and Medway Medical School	Nov-19, Jul-20 and Feb-21	LGF project delivered	Complete	Sep-20	Jun-21	Jun-21	10		1	9,000,000	9,000,000		1	1	1
East Malling Advanced Technology Horticultural Zone	Jun-20 and Feb-21	Construction in progress	Complete	Jul-21	Mar-22	May-22	10	1	4	1,998,600	1,998,600		1	2	2
Medway															
A289 Four Elms roundabout to Medway Tunnel	Mar-15	Design in progress	Complete	Dec-20	Mar-24	Mar-25	51	11	5	1,821,046	1,821,046		5	5	5
Strood Town Centre	Mar-15	LGF project delivered	Complete	Jun-18	Mar-22	Mar-22	46		1	8,600,000	8,355,993	244,007	1	1	1
Chatham Town Centre	Mar-15	LGF project delivered	Complete	Jul-17	Dec-19	Dec-19	28		1	4,200,000	4,200,000		1	1	1
Medway Cycling Action Plan	Mar-15	LGF project delivered	Complete	Mar-18	Mar-19	Mar-19	12		1	2,500,000	2,500,000		1	1	1
Medway City Estate	Mar-15	LGF project delivered	Complete	Mar-21	Mar-22	Apr-22	12		1	2,200,000	842,443	1,357,557	1	2	1
Rochester Airport - phase 1	Jun-16	LGF project delivered	Complete	Mar-18	Nov-21	Nov-21	45		1	4,400,000	4,400,000		1	1	1
Innovation Park Medway (phase 2)	Feb-19	Design in progress	Complete	Dec-20	Nov-22	Nov-22	23		5	3,700,000	1,509,394	2,190,606	1	4	3
Strood Civic Centre - flood mitigation	Feb-18	LGF project delivered	Complete	Apr-19	Jun-19	Jun-19	1		1	3,500,000	3,500,000		1	1	1
Innovation Park Medway (phase 3)	Jul-20	Design in progress	Complete	Dec-21	Nov-22	Nov-22	11		4	1,518,500	601,958	916,542	1	4	3
Southend															
Southend Growth Hub	2015	LGF project delivered	Complete	Dec-16	Mar-17	Mar-17	2		1	720,000	720,000		1	1	1
TGSE LSTF - Southend	Mar-15	LGF project delivered	Complete	Aug-16	Mar-17	Mar-17	7		1	1,000,000	1,000,000		1	1	1
A127 Kent Elms Corner	Jun-16	LGF project delivered	Complete	May-17	May-19	May-19	25		1	4,300,000	4,300,000		1	1	1
A127 The Bell	Nov-18 and Feb-19	Construction in progress	Ongoing	Mar-21	Mar-22	Jun-22	14	2	4	4,300,000	2,871,200	1,428,800	2	1	2
A127 Essential Bridge and Highway Maintenance	Sep-16, Nov-18 and Feb-19 and Feb 2021	LGF project delivered	Complete	Mar-21	Aug-21	Aug-21	5		1	8,000,000	7,140,305	859,695	1	1	1
Southend Central Area Action Plan	Jun-16, Sep-17 and Feb-19	Construction in progress	Complete	Mar-21	Jan-22	Jun-22	14	4	4	7,000,000	5,488,820	1,511,180	1	2	2
London Southend Airport Business Park	Feb-16, Sep-17, Sep-18 and Sep-21	Construction in progress	Ongoing	Mar-21	Jun-22	Jul-22	15	1	4	23,369,517	22,207,454	1,162,063	2	1	2
Southend Town Centre Interventions	Jul-20 and Feb-21	Construction in progress	Ongoing	Mar-21	Jan-24	Jan-24	36		5	1,625,000	198,622	1,426,378	5	3	4
Thurrock															

Appendix D - Local Growth Fund Delivery and Risk															
Project	Accountability Board approval	Delivery Status	Spend status of LGF funding award	Deliverability						Financial					Overall RAG rating
				Expected completion date (as stated in Business Case)	Expected completion date (Dec-21)	Expected completion date (Apr-22)	Months delay incurred (since original Business Case)	Months delay incurred (since last update)	Deliverability RAG rating	LGF allocation (£)	LGF spend to end of September 2021	LGF spend beyond September 2021	Financials RAG rating	Reputational risk RAG	
TGSE LSTF - Thurrock	Mar-15	LGF project delivered	Complete	Mar-16	Mar-20	Mar-20	49		1	1,000,000	1,000,000		1	1	1
Thurrock Cycle Network	Apr-16	LGF project delivered	Complete	Mar-19	Mar-19	Mar-19			1	5,000,000	5,000,000		1	1	1
London Gateway/Stanford le Hope	Feb-17	Design in progress	Complete	Dec-18	Jul-24	Jul-24	68		5	7,500,000	7,500,000		5	4	5
A13 - widening development	Feb-17	LGF project delivered	Complete	Dec-19	Dec-20	Dec-20	12		1	5,000,000	5,000,000		1	1	1
Purfleet Centre	Jun-16	Construction in progress	Complete	Sep-27	Dec-30	Dec-30	41		5	5,000,000	5,000,000		1	1	2
Grays South	Feb-19	Design in progress	Ongoing	Jul-22	Sep-24	Nov-24	28	1	5	10,840,274	4,490,721	6,349,553	4	5	5
A13 widening	Apr-17, Jul-20 and Mar-21	Construction in progress	Complete	Dec-19	Mar-22	May-22	28	1	5	76,500,000	76,500,000		4	5	5
Managed Centrally															
Capital Skills	Mar-15	LGF project delivered	Complete	Mar-17	Mar-17	Mar-17			1	21,974,561	21,974,561		4	4	3
M20 Junction 10a	Feb-17	LGF project delivered	Complete	Sep-20	Dec-19	Dec-19	-8		1	19,700,000	19,700,000		1	1	1
TOTAL										578,935,369	485,917,171	93,018,198			

Appendix E - High Risk LGF projects					
Project	RAG Rating	LGF allocation (£m)	Percentage of LGF allocation spent by 30 September 2021	Main project risk	Funding conditions attached/Updates required by the Board
Queensway Gateway Road, East Sussex		10.00	100%	Land acquisition required for several parcels of land to enable completion of the project.	LGF funding spent in full by 31 March 2021. The Board will be provided with an update on the project, under Agenda Item 11.
A127 Fairglens Junction Improvements, Essex		15.00	10.0%	Business Case has been submitted to DfT for approval. Decision still outstanding.	Board will be notified once DfT funding decision has been made.
A28 Chart Road, Kent		2.76	100%	Project on hold, awaiting confirmation of the local funding sources to enable the delivery of the project. Risk that LGF spend to date may become an abortive revenue cost and will need to be repaid to SELEP.	Project remains on hold. Board will be updated if the position changes and the project can progress to delivery or if there is a requirement for the LGF funding to be returned to SELEP for reallocation.
Maidstone Integrated Transport Package, Kent		8.90	55.2%	Complex programme of interventions with consent required for specific interventions within the programme.	Work is ongoing to progress all phases of the project. An update on the project is provided under Agenda Item 8.
A28 Sturry Link Road, Kent		5.90	20.3%	Acquisition of land from a number of land owners required to enable delivery of the project.	Following award of planning permission in September 2021, negotiations have recommenced with land owners. An update on the Project is provided under Agenda Item 8.
A289 Four Elms roundabout to Medway Tunnel		1.82	100%	LGF funding spent in full progressing design for the scheme. Delivery of the works to be funded through the HIF funding secured by Medway Council. HIF funded works are still at design stage and therefore there remains a risk that the LGF spend may become an abortive revenue cost and will need to be repaid to SELEP.	Board will be advised on progress towards delivery of the HIF works.
London Gateway/Stanford le Hope, Thurrock		7.50	100%	Planning permission has not yet been granted for the full extent of the project. In addition, costs have increased and there is uncertainty regarding the scope of the second phase of the project.	An updated Business Case is required and it is expected that this will be considered by the Board in July 2022. An update on the Project is provided under Agenda Item 10.
Grays South		10.84	41.4%	Project costs have increased significantly and the project no longer offers High value for money.	An updated value for money assessment has been provided and the outcome of the ITE review is set out under Agenda Item 9. LGF spend is on hold until the Board are satisfied that the project continues to offer High value for money.
A13 Widening, Thurrock		76.50	100%	Project programme and costs have differed significantly from position set out in project Business Case.	Project is now nearing completion and work is ongoing to manage project costs. An update on the Project is provided under Agenda Item 8.
Total		139.22			

Appendix F - LGF Programme Risks (High Risks only)

Risk	Description	Risk Impact	Risk Probability	Overall Risk	Mitigation
Failure of third-party organisations to deliver LGF projects	Local authorities have entered into contract with third party organisations, such as district authorities, private sector companies, further education and higher education providers to deliver LGF projects. If the external organisations experience financial difficulty and are unable to deliver LGF projects, it may not be possible to recover the LGF from these organisations should they enter administration. This would result in local authorities being responsible for repaying abortive costs to SELEP.	5	4	20	SELEP encourages local authorities to complete additional financial checks prior to entering into contract or transferring LGF to third party organisations and to ensure clear processes are in place for the oversight of LGF projects delivered by third party organisations.
Affordability of LGF projects	There are likely to be substantial delays to LGF projects at each stage of project delivery as a result of COVID-19, with an impact on the total cost of LGF projects. This is likely to be further exacerbated by increasing materials costs, which has been widely reported across the LGF programme. In addition, there is also a risk to S106 funding contributions which have previously been committed towards LGF projects. Local authority budgets are likely to come under increased pressure and private sector contributions may not be available to the scale/timescales originally anticipated.	4	5	20	The risk of project cost increases sits with the local authority partners and as such, SELEP encourages all partner authorities to review the financial position of all LGF projects.
Operational budgets	Given the current financial climate, there may be financial challenges to the future operation of LGF projects by the private sector, including Higher Education Institutions and Further Education providers. As well as impacting the delivery stage of the projects, this is also likely to impact the operation of the projects once delivered and impact the scale/pace to benefits realisation through the project.	4	4	16	As part of the business case assessment, scheme promoters are required to provide information about the commercial operation of the project post delivery. Any changes to the feasibility of projects to proceed will be monitored and reported to the Board.
Delivery of LGF project benefits	Local partners have made substantial progress towards the delivery of LGF projects, including the outputs identified in the project business cases. However, the economic impact of COVID-19 is likely to substantially reduce the benefits achieved through LGF investment, or at least slow the pace of benefit realisation. This could reduce the value for money achieved through the delivery of the LGF programme. There is also a risk that, in light of COVID-19, there may be changes to project scope brought forward to the Board, which could impact the scale of benefits achieved through LGF investment. As such, the forecast outcomes to be achieved through the Growth Deal, in terms of houses and jobs, will require revision.	3	5	15	SELEP will work with local partners over the coming months to understand the potential impact of COVID-19 on the expected benefits to be received through LGF investment. For any new LGF funding decisions brought forward to the Board, consideration will be given to ensure there remains a strong strategic and economic case for investment in the projects, in light of the potential impacts of COVID-19 in leading to longer term behaviour change.
Resource to deliver LGF projects	There is a risk to the availability of resource to deliver LGF projects, as a result of remote working, sickness and as a result of resources being redeployed to support critical services within local authorities. This is likely to result in project delays but also creates a risk to the oversight of projects.	4	3	12	SELEP Ltd extended the delivery of the Growth Deal period by six months to help ease some of the delivery pressures and to support the appropriate governance of projects.

Appendix F - LGF Programme Risks (High Risks only)

Risk	Description	Risk Impact	Risk Probability	Overall Risk	Mitigation
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.
LGF spend beyond the Growth Deal period	Based on the LGF spend figures reported at the end of 2020/21, LGF totalling £106.351m will be spent beyond the original Growth Deal deadline of 31 March 2021.	3	4	12	All projects which are forecasting LGF spend beyond the revised Growth Deal deadline are required to meet five criteria, to help ensure that LGF spend beyond the Growth Deal is only permitted on an exceptional basis. SELEP used Option 4 Capital Swaps to demonstrate the spend of all but £4.656m of the LGF at the end of 2020/21. The remaining funding was reported as spent in 2021/22. Whilst this approach is permitted under the terms of the grant from Central Government, there is a potential reputational risk to SELEP's delivery track record. This may impact SELEP's ability to successfully secure future funding from Central Government

Forward plan reference number: FP/AB/517,
FP/AB/518 and FP/AB/519

Report title: Local Growth Fund - High Risk Project Update Report	
Report to: Accountability Board	
Report author: Howard Davies, SELEP Capital Programme Officer	
Meeting date: 27 May 2022	For: Note
Enquiries to: howard.davies@southeastlep.com	
SELEP Partner Authority affected: Thurrock and Kent	

1. Purpose of report

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

2. Recommendations

- 2.1. The Board is asked to:

A13 Widening

- 2.1.1. **Note** the update on the project

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

A28 Sturry Link Road

- 2.1.3. **Note** the update on the project

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

Maidstone Integrated Transport Package

- 2.1.5. **Note** the update on the project

- 2.1.6. **Note** that listed building consent to relocate the ragstone wall at Mote Park has been granted

- 2.1.7. **Note** that a further update will be brought to the July 2022 Board meeting

3. Summary Position

- 3.1. The Project involves widening the A13 Stanford le Hope Bypass from 2 to 3 lanes in both directions, from the junction with the A128 (Orsett Cock roundabout) in the west to the A1014 (the Manorway) in the east. Once the Project is completed, there will be a continuous three-lane carriageway from the M25 to Stanford le Hope, which will reduce congestion, improve journey times and support further economic growth.
- 3.2. The Project is a Department for Transport (DfT) retained scheme, which means the original business case for the Project was reviewed by the DfT and the funding decision was made by the Secretary of State in April 2017.
- 3.3. At the time of the original funding decision, the estimated Project cost totalled £78.866m, with £66.058m LGF being secured from the DfT and approved by the Board in March 2017, a further £5m LGF having been awarded by SELEP and approved by the Board in April 2016, towards the early development stage of the Project.
- 3.4. The Board has received updates on issues and progress since November 2019. In July 2020, the total cost of the Project was reported to have increased to £114.7m. In light of Project cost increases, the Board agreed to award a further £8.942m LGF towards the project, increasing the overall LGF contribution to the Project to £80m.
- 3.5. At the point of this additional funding award to the Project, Thurrock Council (the Council) provided assurances that the Project would still progress through to completion and that the Council would underwrite any further funding shortfalls that might arise. This would include seeking additional funding through any external sources available to the Council, as well as the use of its own capital resources such as capital receipts and Prudential Borrowing.
- 3.6. The project received an additional £1.5m LGF at the March 2021 Board meeting, as the Project had seen costs rise mainly due to the impact of the Covid-19 pandemic.
- 3.7. The Project is also requesting an additional £1m of LGF through the project pipeline if LGF becomes available. The Project is fifth on the pipeline and the award of any LGF funding which becomes available as a result of decisions taken at this meeting will be considered under Agenda Item 12.
- 3.8. Although the Project is nearing completion Thurrock Council have requested that the project remains on the pipeline as 'final' project completion is a little way off and the effects of the COVID-19 pandemic are still affecting elements of the Project. A further conversation will take place ahead of the next Board meeting.
- 3.9. Project costs have risen since business case submission, and these costs continue to be met by Thurrock Council, as per the terms of Service Level Agreement between SELEP Ltd., Essex County Council (as Accountable Body for SELEP) and Thurrock Council.
- 3.10. In February 2022 the Board received an update on the Project and the issues which have arisen through the delivery of the project to date which have impacted on the timescales and the budget required to complete the delivery of the project.

3.11. Project Background is set out in Appendix A.

4. Project Update

4.1. At the February 2022 Board meeting, the Board were advised that the A13 would be open to traffic in March 2022, unfortunately this target was missed, however the road opened to traffic on 2 May 2022.

4.2. Due to some issues around UKPN connections, which are under discussion, speed limits are in place for the main carriageway of 50mph and 30mph on the Orsett Cock roundabout. This will continue until the main lighting and signals are fully operational. This is expected to be completed by week ending 20 May 2022, a verbal update will be provided at the Board meeting.

4.3. As reported in February 2022 other 'non highway' works will be completed in summer 2022, with some seasonal works completing in November 2022, having been removed from the main contract.

4.4. The project needs to take water from a borehole/well, so a licence (Abstraction Licence) is required from the Environment Agency. There is a delay in getting the licence from the Environment Agency, but it may be possible to obtain local acceptance in order to start works. It should be noted this action does not impact on the running of the road network, so can be dealt with as part of the 'non highway' works

4.5. The Board were given an overview on the contractual arrangements with the main works contractor, in July 2021. This set out that the project contract, a New Engineering Contract (NEC) 3 Option C, meant that any works not within scope of the contract were subject to a compensation event. This in turn provides very little certainty over costs and under the terms of the contract there are limited grounds to refuse contractor's programme. An agreement was reached with Kier (the main contractor) on costs to the end of 2020/21.

4.6. There are a number of relatively minor Compensation Events outstanding which continue to be worked through. The number of Compensation Events is continuing to fall, and they are being dealt with as they arise.

4.7. Table 1 shows the updated spend to date for the Project, including spend to the end of the of 2021/22.

5. Update on Project Costs

5.1. The revised expenditure profile remains subject to change as commercial discussions continue through to the end of the project.

5.2. Thurrock Council have advised that total project costs are in line with those given in a confidential item at the September 2021 meeting.

5.3. Table 1 shows the spend profile to the end of March 2022. To note, this includes planned spend of £1m of LGF that remains subject to additional LGF becoming available and being approved by the Board; if this £1m is not awarded, Thurrock Council will be responsible for addressing this budget gap through other funding sources.

Table 1 – Project Spend to Date £m

Public Report (£m)												
	2016/17	2017/18	2018/19	2019/20	2020/21	Q1 2021/22	Q2 2021/22	Q3 2021/22	Q4 2021/22	Total	2022/23	Total
LGF Development Funding	2.709		2.291							5.000		5.000
LGF DfT Retained Scheme Funding		13.408	11.483	32.657	8.510					66.058		66.058
Additional LGF - awarded July 2020					8.942					8.942		8.942
Additional LGF - allocated to the project in March 2021					1.500					1.500		1.500
Additional LGF (subject to additional LGF becoming available)					0.000					0.000	1.000	1.000
Third Party			0.024	0.345	7.855					8.224		8.224
Thurrock Council					8.062	10.649	7.447	6.837	9.764	42.759		42.759
Adjustment			-0.172	0.172						0.000		0.000
Total Project Cost to date	2.709	13.408	13.626	33.174	34.869	10.649	7.447	6.837	9.764	132.483	1.000	133.483
	Actual Spend to date											

- 5.4. As part of the project's application seeking additional LGF at the March 2021 Board meeting, a review of the Value for Money (VfM) was undertaken and assessed by the Independent Technical Evaluator (ITE). This demonstrated that due to increased project costs the VfM had reduced to a Benefit Cost Ratio (BCR) of 1.7:1 in the core scenario. This falls within the 'medium' value for money category. An additional scenario which considered the benefits of the scheme with the impacts of Lower Thames Crossing included was also presented. In this scenario the scheme had a BCR of 2.5:1 which falls within the "high" value for money category. This is set out under Appendix B as attached to Agenda Item 6.

6. Next Steps

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

A28 Sturry Link Road

7. Summary Position

- 7.1. The project involves the delivery of a new link road between the A291 and A28, to the southwest of Sturry, Canterbury. The LGF is due to contribute to the cost of constructing a bridge over the railway line and the Great Stour river, to enable traffic to avoid the Sturry level crossing and the congested road network in the area. Further information on the project can be found in Appendix B.
- 7.2. The Board approved the award of £5.9m LGF to the project in June 2016 but delivery of the project has progressed at a slower rate than expected as a result of planning complications and other delivery risks.
- 7.3. In November 2021, the Board agreed that the deadline for the completion of the required land acquisition could be extended to 31 August 2023 and that the remaining £4.656m LGF could be transferred to Kent County Council on the condition that this updated land acquisition deadline is met.
- 7.4. This report will give an update on the following:

- 7.4.1. progress towards the completion of the land acquisition process; and

7.4.2. update on procurement for the design and build contract.

8. Project Update

- 8.1. The deadline for the land acquisition which was agreed at the November 2021 Board meeting (being August 2023) is achievable even if a Compulsory Purchase Order (CPO) is required and where there is a level of objections which require a Public Inquiry to take place.
- 8.2. It should be noted that initial discussions regarding the required land acquisition have been held with the affected landowners. Negotiations with the different landowners are at varying stages but it is anticipated that it will be possible for the majority of the land to be secured through voluntary acquisition. The CPO is being progressed in parallel to the negotiations in case it is required.
- 8.3. Carter Jonas, on behalf of Kent County Council, continue to negotiate voluntary land acquisitions alongside the CPO process.
- 8.4. The design and build contract went out to tender on 31 March 2022. It is expected that advance environmental mitigation and updated ecological surveys will start in 2022. The main works construction is planned to commence in summer 2023 and complete in summer 2025.
- 8.5. The project, whilst not yet delivered, has already succeeded in unlocking the associated housing development sites, and the Broad Oak Development has commenced. The earlier uncertainty around the planning consent for the project did impact on the delivery programme for the residential developments. Now that planning permission is in place the programme shown in Appendix B fits with the build out timescales for the housing. In addition, the revised programme aligns with the current programme for the second part of the link road which is being delivered by the residential developers.

9. Project Costs and Funding

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

Table 2: Funding Package A28 Sturminster Newton Road

Local Growth Fund - High Risk Project Update Report

Funding Source	Application in year in £000s									
	Prior to 2020/21	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	Total
Local Growth Fund	1,109		400	4,000	391					5,900
KCC Forward Funding					600	6,100	-2,600	-2,600	-1,500	0
Herne Bay S.106	250									250
Hopland S.106	1,200								-1,200	0
Sturry S.106					1,100	2,063	2,063	2,063	1,513	8,800
Broad Oak S.106				825	2,063	2,063	2,063	1,788		8,800
North Hersden S.106						2,000	1,650	1,050	1,125	5,825
Totals	2,559	0	400	4,825	4,154	12,225	3,175	2,300	-63	29,575

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

10. Next Steps

- 10.1. A further update on the delivery of the project will be provided at the July 2022 Board meeting.

Maidstone Integrated Transport Package

11. Summary Position

- 11.1. The project has been awarded a total of £8.9m LGF. This funding has been approved by the Board through a series of decisions taken throughout the Growth Deal period.
- 11.2. The project consists of a package of transport interventions aimed at reducing congestion and easing traffic movements at pinch point locations within Maidstone. The project is split into three separate phases, with each phase at a different stage of development as set out below.
- 11.3. In February 2022, the Board noted that a further delivery update would be brought to this meeting. This report includes an update on securing the required consent to relocate the ragstone wall at Mote Park, progress towards delivery of all phases of the project and provides an indication as to the value of LGF funding allocated to support delivery of each phase of the project.
- 11.4. Further information on the project is set out in Appendix C.

12. Project Update

Phase 1 – A20 Ashford Road junction with Wilmington Street

- 12.1. The works delivered through this phase of the project will include an upgrade to the traffic lights at the junction to include a pedestrian crossing, the creation of a new lane for vehicles turning left into Ashford Road from Willington Street, the creation of a new lane for vehicles turning right into Willington Street from Ashford Road and a rebuild of the current ragstone boundary wall of Mote Park so it is 4 metres closer to the park. £1.802m LGF has been allocated to the construction of this phase of the project.

- 12.2. It was initially anticipated that planning consent was required to enable the relocation of the ragstone boundary wall of Mote Park. However, in September 2021 the Board were advised that the wall could be repositioned under permitted development rights, but that listed building consent would be required. At that stage it was noted that a pre-application meeting had taken place with Maidstone Borough Council and that it was expected that the required consent would be secured by December 2021.
- 12.3. The listed building consent application was considered by Maidstone Borough Council Planning Committee on 16 December 2021. The Planning Committee chose to defer a decision on the application to a future planning committee meeting. The grounds for the deferral were to:
- 12.3.1. seek clarification on why the listed wall needed to be re-positioned to accommodate the junction improvement works;
 - 12.3.2. request that a Kent County Council Highways Officer attends the Planning Committee to clarify the predicted capacity improvements; and
 - 12.3.3. clarify further the public benefits of the proposal.
- 12.4. At the February 2022 meeting, the Board agreed to allow the project until the next scheduled Board meeting, which was 29 April 2022, to secure listed building consent for the reallocation of the ragstone wall at Mote Park. The application was considered by Maidstone Borough Council Planning Committee on 21 April 2022 and listed building consent was granted.
- 12.5. The indicative programme is in line with the update given to the Board previously. Works are expected to start on site in spring 2023, with completion anticipated by December 2023. Detailed design is progressing.

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

- 12.6. The Coldharbour Roundabout element of this phase will enlarge the roundabout to allow 3 lanes of traffic to circulate it. In addition, the existing traffic signals will be removed and replaced with give way markings, to improve capacity and traffic flow at the roundabout. £4.583m LGF has been allocated to the construction of this phase of the project.
- 12.7. The detailed design for the Coldharbour Roundabout improvements has now been completed and the required acquisition of third-party land has been agreed.
- 12.8. The tender process has commenced for the procurement, and it is expected that a contractor will be appointed in summer 2022, and for construction to start in Autumn 2022 with completion expected in summer 2023. As has been reported previously, this process will need to follow the completion of the A249 Bearsted Road project (separate to this project) to avoid clashes/impacts on the highway network.
- 12.9. Works to Hall Road which will remove current signalised crossroads and replace with a non-signalised junction and include bus stops improvements, cycle, pedestrian facilities and sustainable drainage will commence in the summer of 2023, completing in spring/summer 2024.

Phase 3 – A229 Loose Road corridor, Maidstone

12.10. The A229 Loose Road corridor is made up of 4 junction improvements on the strategic route leading in and out of Maidstone Town Centre as follows:

12.10.1. A229 Loose Road junction with the A274 Sutton Road (Wheatsheaf Junction)

12.10.2. A229 Loose Road junction with Armstrong Road/Park Way

12.10.3. A229 Loose Road junction with Sheals Crescent

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

12.11. £2.000m LGF has been allocated to the construction of this phase of the project.

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

12.12. This element of the project will see the demolition of the existing Wheatsheaf public house. The adjoining side road, Cranbourne Avenue, will be permanently closed to allow improved capacity benefits (subject to the outcome of a 6 month trial closure) and the current traffic signal crossroads will be replaced with a reconfigured signalised junction.

12.13. Planning for the demolition of the Wheatsheaf public house has been granted and heritage survey of the building is being programmed in order to discharge one of the planning conditions.

12.14. Due to the constraints on road space and clashes with other projects, the construction of this scheme will be split into phases. The first phase will see a trial closure of Cranbourne Avenue. The closure of this junction is a key component of the final design solution and will allow additional traffic data to be collected on how the junction will operate with the Cranbourne Avenue phase of the signals removed. This will establish the benefit of this change and will allow refinements to the layout to be made based on real information, rather than modelling data. It is also expected that the closure itself will provide some capacity benefits in the short term ahead of the second phase of the scheme being implemented, which will include the demolition of the pub and construction of the new junction.

12.15. The Cranbourne Avenue trial closure commenced in late March 2022 and will run for a period of 6 months. Following this trial, a decision will be made in September 2022 as to whether this closure should become permanent. The full scheme is subject to further consultation with local members.

12.16. The construction works associated with the second phase of the scheme are currently expected to be carried out between summer 2023 and spring 2024, this is a slightly later start date than reported in February 2022, but there is no change in the expected completion date.

A229 Loose Road junction with Armstrong Road

12.17. This element of the project is a relatively small junction improvement that requires the relocation of the existing pedestrian crossing to the southern side of Loose Road which

will allow the inclusion of a dedicated right turn lane to remove the existing blocker to free-flow of traffic for vehicles exiting the town.

- 12.18. These works fall under permitted development rights and detailed design work is progressing. It is anticipated that this element of the project can be delivered ahead of the Wheatsheaf Junction improvements, using Amey who are Kent County Council's term contractor.
- 12.19. Outline design has been agreed and detailed design work has commenced. The works are expected to commence in summer of 2022 and complete in December 2022.

A229 Loose Road junction with Sheals Crescent

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

A229 Loose Road junction with Boughton Lane/Cripple Street

- 12.22. The current configuration of this junction is a staggered crossroads which does not have the ability to 'square' up. The aim of this scheme is to allow for additional capacity to move freely through the junction.
- 12.23. Consultants have been instructed to carry out a design review of the Boughton Lane/Cripple Street junction following the consultation feedback to inform the next stage of this junction design. Subject to further consultation with local members work is expected to start in summer 2023 and complete spring 2024.
- 12.24. A further update will be presented to the Board in July 2022.

13. Financial Implications (Accountable Body comments)

- 13.1. There continue to be a number of challenges to completion of the projects in this report, albeit that the majority of the LGF is expected to have been spent by the end of 2021/22; this presents risks on assuring delivery of the expected outcomes, given the lack of certainty on the timelines for completion of the projects.
- 13.2. In addition to the specific challenges outlined in this report, the Board should be aware of wider risks in 2022/23 and beyond which may impact delivery of outcomes due to difficulties experienced by projects as a result of Brexit, COVID-19, economic uncertainty and inflation.
- 13.3. To mitigate these risks, the Board is advised to keep under review the delivery progress of these projects and to take this into account with regard to any further funding decisions made.

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

14. Legal Implications (Accountable Body comments)

- 14.1. The grant funding will be administered in accordance with the terms of the Grant Determination Letter between the Accountable Body and Central Government and required to be used in accordance with the terms of the Service Level Agreements between the Accountable Body and Partner Authorities. If a project fails to proceed in line with the conditions of the SLA or grant conditions from Central Government, the Accountable Body may clawback funding for reallocation by SELEP Ltd. This report asks the Board to note the current position, so there are no significant legal implications arising from the proposals set out in this report.

15. Equality and Diversity Implications

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

16. List of Appendices

- 16.1. Appendix A – A13 Widening Project Background
- 16.2. Appendix B – A28 Sturry Link Road Project Background

16.3. Appendix C – Maidstone Integrated Transport Package Project Background

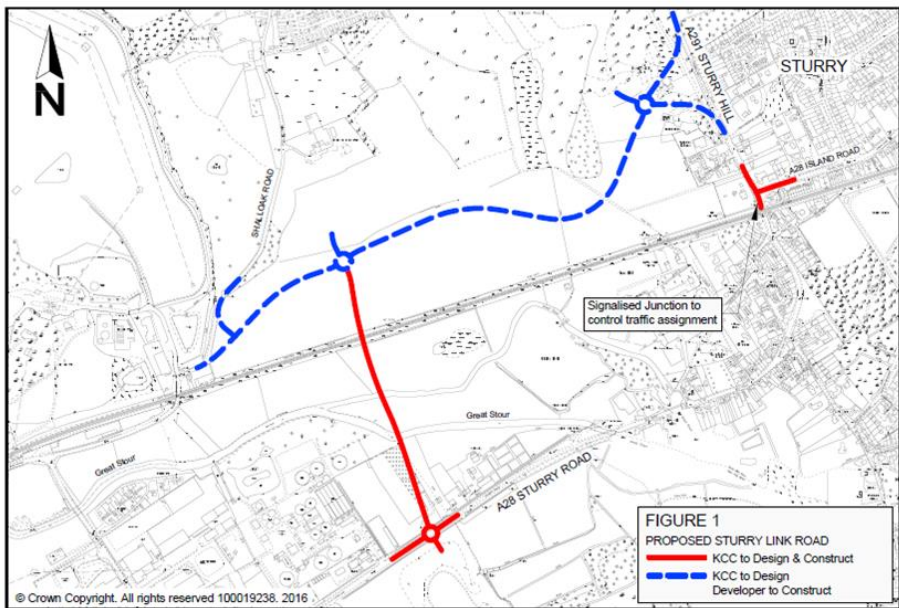
(Any request for background papers listed here should be made to the person named at the top of the report who will be able to help with any enquiries)

Role	Date
Accountable Body sign off Stephanie Mitchener (on behalf of Nicole Wood, S151 Officer, Essex County Council)	19/05/2022

Appendix A – LGF Project Background Information

Name of Project	A13 Widening Thurrock Council													
Local Growth Fund (LGF) allocation	<table><tr><th>Date of award</th><th>Amount (£m)</th></tr><tr><td>April 2016 (LGF Development Funding)</td><td>5.000</td></tr><tr><td>March 2017 Accountability Board (DfT)</td><td>66.058</td></tr><tr><td>July 2020 Accountability Board (DfT)</td><td>8.942</td></tr><tr><td>March 2021 (Additional LGF)</td><td>1.500</td></tr><tr><td>Total</td><td>81.500</td></tr></table>		Date of award	Amount (£m)	April 2016 (LGF Development Funding)	5.000	March 2017 Accountability Board (DfT)	66.058	July 2020 Accountability Board (DfT)	8.942	March 2021 (Additional LGF)	1.500	Total	81.500
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March 2021 (Additional LGF)	1.500													
Total	81.500													
Description of what Project delivers	The Project involves widening the A13 Stanford le Hope Bypass in both directions, from the junction with the A128 in the west to the A1014 in the east. Once the Project is completed, there will be a continuous three-lane carriageway from the M25 to Stanford le Hope.													
Project benefits	When complete in summer 2022, the Project will help address existing traffic congestion and improve journey times. It will also provide a significant contribution in supporting much needed economic growth not only on a regional and national platform but given the proximity to significant ports, logistics and industry, also on an international basis too which is why the delivery of the scheme is of critical importance.													
Project constraints	<ul style="list-style-type: none">Increased Project costs have been a major cause for concern.Contract issues around Compensation Events have added to the rising costs.Covid-19 increased delays and added pressure to costs. <p>Current key risks are:</p> <ul style="list-style-type: none">the provision of power supplies and meters to the 10 new connections needed for traffic signals and street lighting. Expected to be resolved by 20 May 2022slow progress from Environment Agency around specific approvals <p>The Project is nearing completion, with the main highway works expected to complete in May 2022.</p>													
Link to Project page on the website with full Business Case	https://www.southeastlep.com/project/a13-widening/													

Appendix B – LGF Project Background Information

Name of Project	Sturry Link Road, Kent
	Kent County Council
Local Growth Fund (LGF) allocation	£5.9m – Awarded in June 2016
Description of what Project delivers	<p>The Project is for the delivery of the new link road between the A291 and A28, to the south west of Sturry, Canterbury. The LGF is due to contribute to the cost of constructing a bridge over a railway line and the Great Stour River, to enable traffic to avoid the Sturry level crossing and the congested road network in the area. The sections shown in red in Figure 1 below show the sections of road included as part of the scope of the LGF Project.</p> <p>To connect the Project to the existing highway, the developers will be delivering a spine road through the new development site to connect the bridge with the A291 to the North East of the residential and commercial development. This connection is essential to enable traffic to use the new bridge funded as part of the LGF Project. The spine road to be funded and delivered by the developers is shown in blue in Figure 1.</p> <p>Figure 1 A28 Sturry Link Road</p>  <p>The overall objective of the Project is to tackle the existing congestion problem which currently exists at the Sturry level crossing and at the A28/A291 junction. Queuing traffic affects adjacent junctions and can extend 1km in peak periods. The A28 road currently carries 20,000 vehicles per day, but with 6 trains</p>

	passing per hour, the level crossing is closed for up to 20 minutes/hour during peak times, causing severe congestion to trips along the A28. This level of congestion is a major constraint on development to the north east of Canterbury.																
Project benefits	<p>Through tackling this congestion pinch point and increasing the capacity of this part of the network, the Project is expected to unlock new development sites to the North East of Canterbury, delivering 4,220 new homes and 1,700 jobs.</p> <p>The scale of development unlocked by the Project includes residential development at the following sites:</p> <ul style="list-style-type: none">• Broad Oak Farm and Sturry – 1106 homes;• Hoplands Farm, Hersden – 250 homes;• Colliery Site, Hersden – 370 homes;• North Hersden – 800 homes;• Other sites in the north eastern quadrant of Canterbury District																
Project Programme		<table><tr><th>Task</th><th>Timeline</th></tr><tr><td>Procurement for Design and Build Contract</td><td>Sep 2021 - May 2022</td></tr><tr><td>Voluntary Land Negotiations</td><td>Sep 2021 - May 2022</td></tr><tr><td>Compulsory Purchase Orders if required</td><td>Sep 2021 - Aug 2023</td></tr><tr><td>Design Phase</td><td>May 2022 - Mar 2023</td></tr><tr><td>Advance site clearance and environmental mitigation</td><td>May 2022 - Jul 2023</td></tr><tr><td>Main works construction</td><td>Aug 2023 - Jun 2025</td></tr></table>	Task	Timeline	Procurement for Design and Build Contract	Sep 2021 - May 2022	Voluntary Land Negotiations	Sep 2021 - May 2022	Compulsory Purchase Orders if required	Sep 2021 - Aug 2023	Design Phase	May 2022 - Mar 2023	Advance site clearance and environmental mitigation	May 2022 - Jul 2023	Main works construction	Aug 2023 - Jun 2025	
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Design Phase	May 2022 - Mar 2023																
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Main works construction	Aug 2023 - Jun 2025																
Project constraints	Land Acquisition remains a risk and may require a Compulsory Purchase Order to support the acquisition.																
Link to Project page on the website with full Business Case	https://www.southeastlep.com/project/a28-sturry-link-road/																

Appendix C – LGF Project Background Information

Name of Project	Maidstone Integrated Transport Package (ITP)											
	Kent County Council											
Local Growth Fund (LGF) allocation	<table><tr><th>Date of Award</th><th>Amount (£m)</th></tr><tr><td>February 2016</td><td>1.00</td></tr><tr><td>June 2018</td><td>4.20</td></tr><tr><td>April 2019</td><td>3.70</td></tr><tr><td>Total</td><td>8.90</td></tr></table>		Date of Award	Amount (£m)	February 2016	1.00	June 2018	4.20	April 2019	3.70	Total	8.90
Date of Award	Amount (£m)											
February 2016	1.00											
June 2018	4.20											
April 2019	3.70											
Total	8.90											
Description of what Project delivers	<p>The Project consists of three distinct phases as set out below.</p> <p><u>Phase 1</u> It was originally intended that this phase of the Project would deliver improvements to the junctions at either end of Willington Street, which is located to the east of Maidstone town centre. However, following public consultation, it was agreed by the Board that this phase of the Project should bring forward a larger scale intervention at one end of Willington Street only, at the junction with A20 Ashford Road.</p> <p>The works delivered through this phase of the Project will include an upgrade to the traffic lights at the junction to include a pedestrian crossing, the creation of a new lane for vehicles turning left into Ashford Road from Willington Street, the creation of a new lane for vehicles turning right into Willington Street from Ashford Road and a rebuild of the current ragstone boundary wall of Mote Park so it is 4 metres closer to the park.</p> <p><u>Phase 2</u> The Coldharbour roundabout element of this phase will enlarge the roundabout to allow 3 lanes of traffic to circulate it. In addition, the existing traffic signals will be removed and replaced with give way markings. The proposed works are expected to improve capacity of the roundabout by 60% in the morning peak and 40% in the evening peak.</p> <p><u>Phase 3</u> The A229 Loose Road corridor is made up of 4 junction improvements on the strategic route leading in and out of Maidstone Town Centre. The route suffers from existing congestion and poor journey time reliability.</p> <p>A229 Loose Road junction with A274 Sutton Road (Wheatsheaf junction) – this measure will see the demolition of the existing Wheatsheaf Public House. The adjoining side road, Cranbourne Avenue, will be permanently closed (subject to the conclusion of a 6 month trial) to allow improved capacity benefits and the current traffic signal crossroads will be replaced with a reconfigured signalised junction.</p> <p>A229 Loose Road junction with Armstrong Road – this is a relatively small junction improvement that requires the relocation of the existing</p>											

	<p>pedestrian crossing to the southern side of Loose Road which will allow the inclusion of a dedicated right turn lane to remove the existing blocker to free-flow of traffic for vehicles exiting the town.</p> <p>A229 Loose Road junction with Sheals Crescent – this element of the overall project is the reconfiguration of the junction using lining only to alter the priority for vehicles accessing the one-way system allowing for an improved flow of traffic travelling towards the town.</p> <p>A229 Loose Road junction with Boughton Lane/Cripple Street – the current configuration of this junction is a staggered crossroads which does not have the ability to ‘square’ up. The aim of this scheme is to allow for additional capacity to move freely through the junction.</p>
Project benefits	<p>The project will deliver:</p> <ul style="list-style-type: none"> • Journey time savings • Improved journey time reliability • Reduced rat-running on unsuitable routes • Enabling planned housing and employment growth
Project constraints	<p>Delays in securing the required consents have delayed some elements of the Project. All consents are now in place but delivery of the project is dependent upon the ability to secure the required road space.</p>
Link to Project page on the website with full Business Case	<p>https://www.southeastlep.com/project/maidstone-integrated-transport/</p>

Forward plan reference number: FP/AB/514

Report title: LGF Project Update – Grays South	
Report to: Accountability Board	
Report author: Helen Dyer, SELEP Capital Programme Manager	
Meeting date: 27 May 2022	For: Decision
Enquiries to: helen.dyer@southeastlep.com	
SELEP Partner Authority affected: Thurrock	

1. Purpose of report

- 1.1. The purpose of this report is for the Accountability Board (the Board) to receive an update on the delivery of the Grays South Local Growth Fund (LGF) project (the Project) which has been identified as being high risk.
- 1.2. The report also provides an update on the revised Value for Money assessment submitted in relation to the Project and sets out the outcome of the Independent Technical Evaluator (ITE) review. The Board are asked to consider whether the Project continues to meet the requirements of the SELEP Assurance Framework and to decide whether LGF spend on the project can recommence, following the Board's decision to place LGF spend on hold at the last meeting.

2. Recommendations

- 2.1. The Board is asked to:
 - 2.1.1. **Note** the update on project delivery.
 - 2.1.2. **Note** that, following submission of an updated Value for Money assessment, the Project has been assessed as offering High value for money with Medium certainty of achieving this.
 - 2.1.3. **Approve** the increase in total project cost for the Project from £28.7m to £37.9m, as required under the terms of the Assurance Framework.
 - 2.1.4. **Agree** that LGF spend on the Project should recommence following receipt of confirmation that the Project continues to offer High value for money.
 - 2.1.5. **Note** that a further update on project delivery will be provided at the July 2022 Board meeting.

3. Background

- 3.1. In February 2022, the Board received an update on the delivery of the Project. This update identified that the total project cost had increased from £28.7m (as set out in the Full Business Case considered by the Board in November 2019) to £37.9m.
- 3.2. Under the terms of the SELEP Assurance Framework, an increase in total project cost of this scale (prior to award of construction contract) must be approved by the Accountability Board. However, the scale of the cost increase also gave rise to concerns regarding the ability of the Project to continue to offer High value for money as is required and therefore a decision to agree the increase in cost could not be taken at the last Board meeting.
- 3.3. Due to the concerns regarding the ability of the Project to continue to offer High value for money, the Board took the decision to place LGF spend on the Project on hold until it could be demonstrated that the Project continues to offer High value for money.
- 3.4. The Board were advised that an updated Value for Money assessment would be produced by Thurrock Council and would be subject to review by the ITE prior to this Board meeting. It was expected that this Value for Money assessment would provide the evidence required to enable the Board to make a decision regarding approval of the increase in total project cost and a decision relating to whether LGF spend on the Project could recommence.
- 3.5. This report provides an update on project delivery and sets out the outcome of the updated Value for Money assessment and the conclusions of the ITE following the completion of their review.

4. The Project

- 4.1. The Project forms part of the Grays South Regeneration Area (GSRA) scheme which consists of a number of interventions designed to support the economic and social vitality of Grays Town Centre. The LGF funding was specifically sought to support the creation of an underpass to replace the existing level crossing and for the creation of a public square at each end, designed to provide active urban spaces suited to a wide range of events, markets and similar activities.
- 4.2. It should be noted that a separate intervention within the GSRA scheme will bring forward new modern commercial/mixed use floorspace and residential units on land at either end of the new underpass. This work will not be funded through the LGF, but the benefits of the Project will not be fully realised until these commercial and residential units have been constructed and are in use.
- 4.3. The Project will improve public safety, create a fully compliant and unimpeded route across the railway line, improve connectivity between different modes of travel within Grays Town Centre and will deliver high quality public realm. Key benefits of the Project include:
 - 4.3.1. enabling delivery of 84 homes and 1,279 sqm of retail floorspace by 2025;
 - 4.3.2. supporting commercial development in Grays by creating a more attractive town centre and higher quality commercial space.

- 4.4. The Project has been awarded a total of £10.84m LGF to support delivery of the new underpass. This funding was awarded in two tranches, with the initial £3.7m awarded in February 2019 to enable further development of the Project. The second tranche of £7.1m was awarded in November 2019 following submission of a Full Business Case.

5. Update on project delivery

- 5.1. As outlined at the last Board meeting, a preferred concept for the Project has been identified and this option is being taken forward for more detailed design. This option provides:
- 5.1.1. good equality of access for people using ramps rather than steps, with the ramps offering similar distances to the stepped access and the number of ramp switchbacks being minimised.
 - 5.1.2. creation of useable hard and soft landscaping areas with an open 'Plaza' at the entrance to the underpass on the South side offering a range of activation opportunities (market stalls, coffee carts etc) and promoting good levels of passive security.
 - 5.1.3. creation of a development plot fronting onto the plaza providing further activation, increased security and economic opportunity.
- 5.2. Two planning applications were submitted to Thurrock Council in relation to the Project in February 2022, however, the applications were not validated until April 2022 following submission of a flood risk assessment. The planning applications cover the demolition of existing buildings, the installation of the underpass and the development of new buildings in the vicinity, as set out below:
- 5.2.1. Planning Application 1 – Full planning application for demolition of existing buildings and structures, proposed installation of pedestrian underpass underneath the existing railway, provision of associated infrastructure and accommodation works, including installation of ramps and steps and lifts and works to realign Crown Road and relocate Station Approach further to the south from its existing road alignment, provision of public realm and landscaping, groundworks and temporary works.
 - 5.2.2. Planning Application 2 – Outline planning application for the demolition of existing buildings and structures and the development of new buildings to the north and south of the existing railway, comprising up to 1,489 sqm (GIA) of commercial floorspace (Class E), up to 40 residential dwellings (Class C3), public realm and landscaping.
- 5.3. According to the Thurrock Council website, it is currently expected that both planning applications will be determined in July 2022.
- 5.4. As indicated in the planning applications, there is a requirement for a number of existing buildings to be acquired in order to create the space for the planned underpass, public realm improvements and planned development.

- 5.5. Voluntary land acquisition negotiations with landowners have been ongoing since early 2021. A Compulsory Purchase Order (CPO) process will run alongside these negotiations in case it is required and preparation for this process will be starting shortly, following the submission of the planning applications earlier this year. If the CPO is required to complete the necessary acquisition, this is likely to delay the Project delivery programme by 12 to 18 months.
- 5.6. As the Project enhances the rail network through the removal of the existing level crossing, it is subject to the Governance for Railway Investment Projects (GRIP) process. The GRIP process consists of 8 stages and covers the entire life of a railway project from initial inception right through to project completion and close. In late 2021, the Project completed GRIP Stage 3 (Option Selection) and contracts are now being drafted with Network Rail for progression through Stages 4 and 5 (Single Option Development and Detailed Design). It is currently expected that these contracts will be complete in June 2022, allowing design of the Project to progress.
- 5.7. It is currently anticipated that the underpass will be complete by November 2024, as set out in the programme shown in Table 1. The completion of the public realm elements of the wider project is expected approximately 6 to 9 months after the completion of the underpass. It should be noted that this programme assumes that a CPO will not be used and therefore the programme is likely to be extended by 15 to 18 months if a CPO process is required.

Table 1: Key project delivery milestones

Milestone	Programme as at May 2022		Programme reported in February 2022
	Start date	End date	
Procurement and contracts for next stages	June 2021	June 2022	
Land assembly ¹	Autumn 2021	November 2022	November 2022
Single Option Development (GRIP Stage 4)	June 2022	September 2022	January 2022
Detailed Design (GRIP Stage 5)	September 2022	February 2023	November 2022
Implementation ² (GRIP Stage 6)	February 2023	May 2024	March 2024
Project Hand Back (GRIP Stage 7)	May 2024	August 2024	June 2024
Project Close Out (GRIP Stage 8)	August 2024	November 2024	September 2024

Note: All dates are indicative until a revised programme is issued from Network Rail

¹ If a CPO is required 15 to 18 months could be added to this part of the programme and this would move the start of the Implementation stage.

² Assumes all possessions not changed and subject to ground conditions.

- 5.8. The above programme shows a 2-month delay compared to the programme provided at the last Board meeting.

- 5.9. The total forecast project cost remains £37.9m as reported at the last meeting. Table 2 shows the current breakdown of funding sources.

Table 2: Breakdown of funding sources (£m)

	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24 and beyond	Total
Network Rail	0.70	-	-	-	-	0.70	1.400
Local Growth Fund	-	3.66	0.83	-	1.83	4.52	10.84
Thurrock Council	-	-	-	0.65	2.80	22.20	25.65
Total	0.70	3.66	0.83	0.65	4.63	27.42	37.89

- 5.10. At the February 2022 Board meeting, it was reported that £4.85m of the LGF allocation had been spent with £5.99m still being held by Thurrock Council. The Board agreed that spend of the remaining LGF allocation should be placed on hold until it could be demonstrated that the Project continued to offer High value for money. Thurrock Council have now indicated that no LGF funding was actually spent in 2021/22 and therefore LGF spend to date has reduced to £4.49m.

6. Updated Value for Money Assessment

- 6.1. In March 2022, Thurrock Council submitted an Updated Value for Money assessment which took into account the reported increase in project cost and the change in delivery programme since the production of the Full Business Case in 2019. The Full Business Case indicated that Project completion was expected in early 2024, with the updated programme showing completion in late 2024.
- 6.2. In addition, the following elements of the Value for Money analysis were updated:
- 6.2.1. The core underlying assumptions to reflect the current status of the plans for the level crossing/underpass proposal;
 - 6.2.2. Internal and external data used in the analysis to be replaced by more up to date information.
- 6.3. The Value for Money assessment concludes that the Project continues to offer High value for money, with a revised Benefit Cost Ratio (BCR) of 2:1. The original BCR as set out in the Full Business Case was 2.4:1 so, as would be expected, there has been a reduction in the BCR offered by the Project. However, this reduction has been less significant than expected based on the outcome of the sensitivity testing presented in the Full Business Case.
- 6.4. It is noted within the Value for Money assessment that there are a number of benefits associated with the Project which have not been quantified within the assessment. These benefits include benefits for the town centre from improving connectivity, increasing the flow

and footfall of pedestrians to the town centre, and supporting wider regeneration of the town centre.

- 6.5. As indicated at the last Board meeting, Steer are actively involved in the development of the Project. This presented a potential conflict of interest, and therefore Steer were unable to undertake their usual role as ITE for SELEP with regard to this Value for Money assessment. As the Board may recall, WSP were previously appointed to act as ITE for this Project when the original funding decisions were taken. Given that the updated Value for Money assessment needs to be read in conjunction with the Full Business Case reviewed by WSP and to ensure consistency, WSP were again appointed to act as ITE on this occasion. The ITE has reviewed the updated Value for Money assessment provided and has attended an inter-gate meeting with Thurrock Council officers and their consultants to discuss the approach used. The ITE's full report is attached at Appendix A.
- 6.6. The BCR for the Project as set out in the updated Value for Money assessment is 2:1. This represents High value for money but is on the limit of what is acceptable under the requirements of the Assurance Framework. The ITE considers that this BCR may represent a lower end estimate of the Value for Money offered by the Project once the unquantified benefits referenced at section 6.4 of this report have been included.
- 6.7. It is noted in the ITE's report, that Land Value Uplift benefits have been included within the Value for Money assessment and that their inclusion has increased the BCR from 1.9:1 to the required 2:1. Typically Land Value Uplift benefits would not be included within the assessment of a transport scheme, however, Thurrock Council have confirmed that the Project has been treated as a non-transport scheme and therefore the inclusion of Land Value Uplift benefits is in accordance with relevant Government guidance.
- 6.8. The ITE has noted that the costs provided include a 30% risk uplift, in accordance with Network Rail guidance. In addition, Optimism Bias has been applied at 13%. The level of risk uplift and Optimism Bias applied remain in line with those applied in the Full Business Case produced in 2019 and reflect the ongoing level of cost uncertainty. Given that the Project is at Full Business Case stage, the ITE has indicated that it would be expected that the level of risk associated with the project costs should be lower than 30%. Whilst the inclusion of such a significant risk uplift provides some scope for cost variation without adversely impacting on the BCR, it does indicate a high level of uncertainty and is potentially impacting on the Value for Money offered by the Project. If, as the Project progresses, costs can be effectively controlled and the risk uplift reduced, the certainty of achieving the stated BCR of 2:1 is increased.
- 6.9. The ITE has concluded that the BCR is fairly robust and there are a few further opportunities for this to improve as the Project nears completion and the Project is managed in a robust, thorough way and costs controlled. The sensitivity tests have shown that the Project BCR under more conservative assumptions for journey time savings and land value uplift – two key areas of benefits - produces a BCR of 1.9:1. With control of costs this should enable the Project to achieve the BCR High Value for Money threshold of 2.0:1.

7. Options available to the Board

- 7.1. In considering the recommendations made in this report, the Board are asked to consider the following points:
- 7.1.1. If the Board are satisfied that the Project continues to offer High value for money in accordance with the requirements of the Assurance Framework.
 - 7.1.2. Whether the increase in total project cost should be approved (in accordance with the Board's obligations set out under the Assurance Framework) and
 - 7.1.3. Whether LGF spend on the Project should be allowed to recommence.
- 7.2. The recommendations with regard to these 3 points as set out within the report are as follows:
- 7.2.1. **Note** that, following submission of an updated Value for Money assessment, the Project has been assessed as offering High value for money with Medium certainty of achieving this.
 - 7.2.2. **Approve** the increase in total project cost for the Project from £28.7m to £37.9m, as required under the terms of the Assurance Framework.
 - 7.2.3. **Agree** that LGF spend on the Project should recommence following receipt of confirmation that the Project continues to offer High value for money.
- 7.3. These recommendations have been made to the Board based on the content of the Value for Money assessment and the outcome of the ITE review. Whilst it is not currently possible to ascribe a High level of certainty to the achievement of the value for money set out in the updated assessment, due to the factors outlined in Section 6 of this report, it is considered that the BCR is fairly robust and can be achieved through effective cost management.
- 7.4. The Assurance Framework requires that projects offer High value for money with a BCR of at least 2:1. As the updated BCR for the Project is reported to be exactly 2:1, any further cost increases or a reduction in the forecast benefits, would mean that the BCR could drop below 2:1. However, it is noted that there are additional benefits which have not yet been quantified which could be taken into account which may ensure the BCR remains above 2:1.
- 7.5. Whilst acknowledging the recommendations made within the report, if the Board have concerns regarding the ability of the Project to satisfy the Value for Money requirements of the Assurance Framework moving forward, there are other options available including:
- 7.5.1. The reallocation of the £6.35m LGF which is currently reported as unspent. If the Board have concerns regarding the deliverability of or value for money offered by the Project, the option to remove the unspent LGF funding from the Project is available. This would create a funding gap for the Project, which would need to be filled via alternative funding sources if the Project was to progress to delivery. Under this option, the £4.49m LGF funding reported as spent would remain

allocated to the Project on the assumption that the Project will ultimately be delivered. If, for any reason, the Project became undeliverable, it is unlikely that Thurrock Council would be able to continue capitalising the LGF spend to date and therefore it will become abortive spend. This would not comply with the conditions of the LGF funding and would therefore need to be repaid to Essex County Council (as the Accountable Body for SELEP).

- 7.5.2. Continuing to keep LGF spend on hold whilst further work is undertaken to develop the Project, ensuring greater certainty as to the total Project cost. The LGF funding was primarily sought to support the required land acquisition which needs to be completed to create the space for the proposed underpass, public realm and residential/commercial development. An exact timeline for the acquisition of the land is not currently known, as it depends whether a CPO is required, however there is the potential for this option to adversely impact on the delivery programme if the land can all be acquired through negotiation.

- 7.6. Whilst it is recommended that the increase in total project cost is approved and that LGF spend is allowed to recommence, the Project will continue to be closely monitored and further updates to the Board will be provided at future meetings.

8. Financial Implications (Accountable Body comments)

- 8.1. The increased total Grays South Project costs which the Board are asked to Agree, present a risk on assuring delivery of the expected outcomes and value for money of the November 2019 business case.
- 8.2. The Project Change Request and the updated value for money assessment which have come forward to this Board meeting, has been subject to independent technical evaluation, which should give the Board greater assurance with regards to delivery of the Project.
- 8.3. 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.
- 8.4. All LGF is transferred to Thurrock Council, as the Project's Lead Authority, under the terms of a Funding Agreement or SLA which makes clear that funding can only be used in line with the agreed terms.
- 8.5. The Agreements also set out the circumstances under which funding may have to be repaid should it not be utilised in line with the conditions of the grant or in accordance with the Decisions of the Board.
- 8.6. Should it not be possible, for example, to secure realisation of the outcomes and benefits set out within the Project business case, there is a risk that the Project may no longer meet the conditions of the Funding Agreement. In these circumstances, the Board may consider recovering some, or all, of the £10.84m LGF allocated to the Project.
- 8.7. To mitigate these risks, the Board is advised to keep under review the delivery progress of this Project and to take this into account with regard to any further decisions made in this

respect. In addition, at this time there are wider possible risks which may impact delivery of this LGF project, therefore ongoing effective monitoring of delivery and understanding of the risks along with proposed mitigations is essential for the Board, due to the current uncertain economic climate and increasing inflation, together with ongoing impacts experienced following Covid-19 pandemic and Brexit.

9. Legal Implications (Accountable Body comments)

- 9.1. The grant funding will be administered in accordance with the terms of the Grant Determination Letter between the Accountable Body and Central Government and is required to be used in accordance with the terms of the Service Level Agreements between the Accountable Body, SELEP Ltd and the Partner Authority. If the Project does not meet the conditions of the SLA or is cancelled at a later date, the provisions set out with the SLA will be activated, and Essex County Council, as the Accountable Body, will work with Thurrock Council, to recover any abortive revenue costs.

10. Equality and Diversity Implications

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

11. List of Appendices

- 11.1. Appendix A – Report of the Independent Technical Evaluator
- 11.2. Appendix B – Project Change Request

12. List of Background Papers

- 12.1. [Grays South project web page](#)
- 12.2. [Updated Value for Money assessment](#)

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

Role	Date
Accountable Body sign off Stephanie Mitchener (on behalf of Nicole Wood, S151 Officer, Essex County Council)	 19/05/2022



South East Local Enterprise Partnership /
Essex County Council

ITE GRAYS SOUTH UNDERPASS

Task 4 - ITE Review of the Value for Money
Statement





South East Local Enterprise Partnership / Essex
County Council

ITE GRAYS SOUTH UNDERPASS

Task 4 - ITE Review of the Value for Money Statement

TYPE OF DOCUMENT (VERSION) CONFIDENTIAL

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South East Local Enterprise Partnership / Essex
County Council

ITE GRAYS SOUTH UNDERPASS

Task 4 - ITE Review of the Value for Money Statement

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CONTENTS

1	INTRODUCTION	1
2	SUMMARY OF THE ITE ROLE	2
3	SUMMARY OF THE PROJECT	3
4	OUTCOMES OF THE ITE ASSESSMENT	5

TABLES

Table 3-1 – Grays South Cost Profile, March 2022 (£millions)	4
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1 INTRODUCTION

- 1.1.1. This report provides the outcomes of the ITE review of the Grays South Underpass – Updated Value for Money Assessment. The report includes a summary of the ITE role in this project, a short summary of the project and the details of the outcomes of our assessment. This assessment provides our findings on the value for money position of the project and whether it continues to offer 'high' value for money (BCR greater than 2:1). An assessment of the level of certainty that is attached to this value for money categorisation is also provided.
- 1.1.2. The remainder of this report is structured as follows: Chapter 2 provides a summary of the ITE role; Chapter 3 provides a summary of the Grays South Underpass project and Chapter 4 sets out the outcomes and conclusions of the ITE review.

2 SUMMARY OF THE ITE ROLE

- 2.1.1. WSP was commissioned by the South East Local Enterprise Partnership (SELEP) to provide Independent Technical Evaluator (ITE) services for the Grays South Full Business Case (FBC) Updated Value for Money Statement, March 2022. This value for money update has been prepared by the scheme promoter, Thurrock Council and is the document reviewed for this ITE review.
- 2.1.2. The ITE assessment reviewed the changes in the project value for money. The ITE assessment is based on adherence of the scheme business case to the guidance set out in the HM Treasury Green Book, and related departmental guidance, such as the Department for Transport's TAG (Transport Analysis Guidance), the Homes and Communities Agency's Additionality Guide and the DCLG Appraisal Guide.

3 SUMMARY OF THE PROJECT

- 3.1.1. The Grays South project aims to create a new 'Quarter' within the town centre based around a boulevard underpass linking two new public squares bounded by a series of mixed-use developments (including the existing College campus) and improving the integration of the rail station to the High Street.
- 3.1.2. The 'Quarter' will reconnect the two sides of the high street and create a high-quality arrival point and meeting place at the heart of Grays. The project includes new mixed-use units and active public spaces designed to increase the vibrancy of the town centre and diversify the commercial offer by creating development opportunities and public spaces that will meet the requirements of street cafés, markets, entertainment and retail uses. Ground floor commercial uses are supported by residential and office accommodation on the upper floors.
- 3.1.3. The Grays South project encompasses the closure of the level crossing and replacing it with an underpass. The scheme will also involve development of a public realm square at either entrance of the underpass. The level crossing outside Grays South rail station is one of the most dangerous in the eastern region. Network Rail have assigned the crossing an All-Level Crossings Risk Model (ALCRM) rating of D for individual risk¹ and 1 for collective risk².
- 3.1.4. The LEP funding is for:
- Creation of an 8m wide pedestrian underpass to replace the existing pedestrian level crossing, thereby addressing both the safety concerns shared by Network Rail, Thurrock Council and other bodies, and the significant severance the crossing creates within the town centre.
 - Creation of new public squares at both ends of the underpass to create well designed public realm, providing a high-quality arrival point, meeting and event space and better links between the town centre, college and High Street. This improved public realm will bring vibrancy and vitality to the town centre, support local businesses, set a benchmark for quality and make Grays more attractive to external visitors.
- 3.1.5. Since award of LGF funding, the anticipated costs of project delivery increased from £28.73m to £37.90m. In October 2019, the BCR offered by the project was 2.4:1. Due to the scale of the cost increase, there is concern that the business case will no longer offer 'high' value for money (BCR of greater than 2:1). Therefore, a requirement was identified by SELEP for an updated Value for Money Assessment to be produced. This updated Value for Money assessment, and SELEP Change Request form setting out the rationale for the change in the assessment was submitted to SELEP on 9th March. The updated cost profile is shown in Table 3-1. The total of £37.90 million represents the rounded value for the total of £37.86 million.

¹ The level of individual risk is ranked A to M, with A representing the highest risk and M nil risk.

² The level of collective risk is ranked 1 to 13, with 1 representing the highest risk and 13 nil risk.

Table 3-1 – Grays South Cost Profile, March 2022 (£millions)

	2018/19	2019/20	2020/21	2022/23	2023/24	Total
Network Rail contribution	0.70					0.70
Local Growth Fund		3.66	0.83	0.35	6.00	10.84
Thurrock Council Capital S106 funding & development receipts				7.72	8.30	26.32
						37.9

- 3.1.6. The promoter also states that there is evidence to suggest that the scale of unmonetised benefits from the project are now higher than at the time at which the 2019 FBC was produced, which improves the value for money of the project. Thurrock Council states that the unmonetised benefits of the underpass and associated public realm improvements are now expected to have greater impacts in terms of the benefits for the town centre from improving connectivity, increasing the flow and footfall of pedestrians to the town centre, and supporting wider regeneration of the town centre.

4 OUTCOMES OF THE ITE ASSESSMENT

- 4.1.1. This chapter provides details of the outcomes of the ITE Assessment. The document reviewed by the ITE team was the Grays South Underpass – Updated Value for Money Assessment, 4 March 2022 provided by SELEP.
- 4.1.2. The review team also met with the promoter's team to gain further detail of the appraisal model used in producing the BCR.
- 4.1.3. The Updated Value for Money Statement reflects changes to the scheme Value for Money since the 2019 Full Business Case. These changes affect the costs and benefits of the scheme and the outcome is a BCR of 2.0:1. This compares with a BCR of 2.5:1 produced in 2019. The latest BCR of 2.0:1 represents a 'high value for money' categorisation. It should be noted that this BCR includes Land Value Uplift benefits which are categorised by DfT guidance as Level 3 benefits.
- 4.1.4. The review team were informed by the promoters' team that the Land Value Uplift was included in the overall BCR as this was in accordance with DCLG appraisal guidance. It should be noted that if the scheme were assessed as a transport project the core BCR - the 'transport BCR' - is 1.9:1 excluding the Land Value Uplift which is still close to the High Value for Money category of 2.0:1.
- 4.1.5. A key change which has resulted in this lower BCR compared with the 2019 FBC has been an increase in scheme costs from £28.7 million to £37.9 million.
- 4.1.6. The Updated Value for Money Statement states that:
 - "The core underlying assumptions are no longer valid and need to be updated to reflect the current status of the plans for the scheme; and
 - The internal or external data that was used for the analysis has been superseded by more recent data".
- 4.1.7. The cost change is a core underlying assumption which has been changed.
- 4.1.8. Additionally, whilst the appraisal methodology is unchanged from the 2019 FBC value for money appraisal, the Updated Value for Money Statement sets out parameter updates (implicitly through use of more recently released guidance) and updates in external data (on travel behaviour – mode shift).

4.2 CHANGES TO THE APPRAISAL

- 4.2.1. In summary, the key changes to the Value for Money Statement are, as follows:
 - Scheme cost increased from £28.7 million to £37.9 million
 - Appraisal guidance and tools updates:
 - Use of TAG Databook released, November 2021
 - Active Mode Appraisal Toolkit: November 2021
 - Economic multipliers: UK indirect multipliers for 2017, published in 2021. Scottish Government Type I and Type II multipliers for 2018 – published November 2021
 - National Travel Survey 2019 used in mode shift calculation. The methodology is the same as for the 2019 FBC assessing the Do-Something mode shift against a Do-Minimum with a 50% mode shift from walking as a result of the closure of the level crossing and use of a nearby road bridge.

4.2.2. It should be noted that the versions of the following appraisal tools are unchanged from the 2019 FBC:

- HIF Ready Reckoner: 2017 (this is the latest version available) The land value input data is for 2015.
- Ambience Benefits Calculator: February 2018 (v2.23) (latest version available)

4.3 REVIEW OF METHODOLOGY

4.3.1. The ITE review of the methodology was as follows:

- Price base year – all costs and benefits understood to be in 2010 price base year as per TAG. Given the use of AMAT, the benefits produced using AMAT are in 2010 prices.
- All prices discounted to 2022 base year which is appropriate and the appraisal period of 30 years for all benefits other than public realm benefits (10-years) in line with guidance.
- The demand used of 8,412 daily users of the underpass is unchanged from the 2019 FBC.
- The promoter has confirmed that appraisal benefits are assessed using market prices in accordance with TAG guidance with the exception of urban realm benefits calculated using the TfL Ambient Benefit Calculator.
- Monetised benefits presented capture the same categories of benefits as the 2019 FBC including the impact of externalities due to the reduced car use with the scheme (i.e. improved air quality, reduction in green-house gas emissions).
- Journey time savings benefits are a large area of benefits accounting for £20.3million or nearly a third of total monetised benefits. Table 7, shows summary impacts, breaking down the benefits by impact. This shows that journey time benefits are attributable to a reduction in distance walked (with the scheme compared to the Do Minimum and reduction in driving and mode shift). The documentation in the Updated Value for Money Assessment states that the mode shift impact was based on an update to account for mode shares in the latest 2019 National Travel Survey. The meeting with the promoter's team enabled the review team to have sight of the appraisal model used, but to fully understand the approach would require the ITE to have access to the model. Our understanding is that an update was applied to the Do Minimum assumptions about the proportion (62%) of people choosing to walk who would continue to do so with the removal of the level crossing whilst another market segment would change mode from walking to using a car/van. However, the mode shift changes are not clear compared to the 2019 FBC. The Do Something assumption of a 5.5% shift from car to walking due to the scheme is unchanged from the 2019 FBC.
- Cost risk uplift and optimism bias: Risk of 30% plus Optimism Bias of 13% gives a total of 43%. These assumptions are unchanged from the 2019 FBC. The promoter stated that Network Rail guidance was to assume 30% cost risk. The reason given for such a high contingency is that it reflects the level of cost uncertainty. However, this project is at FBC when the level of risk associated with costs should be lower than 30%. If Network Rail and the promoter consider 30% to be appropriate this indicates high uncertainty and raises the issue of whether the scheme is ready to be taken forward without more design work.
- The promoter has confirmed that the optimism bias was applied to all costs.
- The meeting with the promoter's team provided some additional clarity on the methodology used, however, to fully review the methodology would need access to the appraisal model to confirm that the methodology had been applied correctly, or that every aspect has been

captured. Although we have not been able to review the whole model, we have been able to check / qualify with the promoters' consultants on a number of questions.

4.4 ASSESSMENT OF UNCERTAINTY

- 4.4.1. The promoter has carried out sensitivity tests to assess the level of uncertainty underpinning some of the principal appraisal assumptions.
- 4.4.2. A range of sensitivity tests were undertaken on the scheme assumptions testing an alternative mode shift assumption, reduced scale of wider development, and a higher cost estimate. An additional test is included to provide an indication (using a pedestrian footfall uplift) of the regeneration impacts of the scheme in terms of dependent development and improved connectivity not captured in the standard appraisal. BCRs for the sensitivity tests range between 1.9:1 and 2.1:1.
- 4.4.3. The review team comments on the assessment of uncertainty are, as follows:
 - Cost uncertainty sensitivity test reflects a very high level of cost given this is project at FBC.
 - The assessment of an upper and lower mode shift assumption is not clear in terms of relationship to the Do-Minimum or the Central Case. Nor is the basis for the Sensitivity 2 assumption ("11% applied in similar appraisals"). We understand that this is a reference to the Rathmore Road Business Case.
 - Broader economic and societal changes as set out in the DfT Uncertainty Toolkit are not appraised such as testing alternative growth rates in the economy or changed assumption on travel behaviour post Covid pandemic. The promoter's consultants stated that there was insufficient, "information/data that would allow us to incorporate some of these factors into the sensitivity analysis (at least without a substantial change to the analysis)."

4.5 BENEFIT COST RATIO

The ITE review team assessment of the BCR is, as follows:

- DfT guidance requires a standard BCR to be produced with wider economic benefits presented separately as an adjusted BCR. The BCR presented is 1.9:1 for the central case excluding the LVU impacts. Once LVU impacts are included the BCR increases to 2:1. However, we understand that this scheme is considered a non-transport scheme developed with respect to DHCLG guidance, hence the inclusion of the Land Value Uplift in the core BCR.
- The changes in benefits compared to the 2019 FBC are a reflection of the changes in AMAT and the use of the 2019 National Travel Survey to calculate mode shift for the calculation of journey time benefits. Use of AMAT confirms that the benefits take into account reduced carbon impacts from reduced car use (air quality improvement and reduction in green-house gases).
- The risk allowance of 30% seems high for a project at FBC. The promoter's team indicated that Network Rail guidance is to use 30% which potentially is affecting the scheme value for money.
- The current BCR may represent a lower end estimate of the value for money of the scheme once a range of unquantified benefits are included associated with the positive impacts on the public realm and increased potential commercial activity which would be expected to increase the value for money of the scheme. If the risk allowance can also be managed successfully then the BCR is also likely to increase.
- Further sensitivity tests could be carried out on the core case using the DfT Uncertainty Toolkit which includes testing of Covid-19 behavioural changes and alternative economic scenarios for the UK economy.

4.6 CONCLUSIONS

The ITE review team considers that the BCR is fairly robust and there are a few further opportunities for this to improve as the project nears completion and the project is 'cliented' in a robust, thorough way and costs controlled. The sensitivity tests have shown that the project BCR under more conservative assumptions for journey time savings and land value uplift – two key areas of benefits - produces a BCR of 1.9:1. With control of costs this should enable the project to achieve the BCR High Value for Money threshold of 2.0:1.



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Project Change Request

Section A – Details

Project Name	Grays South
Lead Officer	Neil Muldoon
Lead Authority	Thurrock Council
Date Submitted	8 th March 2022

Section B – Justification

Description of Change	Financial. Increase in total cost of project and reprofiling of remaining LGF to future financial years.
Reason for Making Change	<p>LGF funds are to be utilised on land acquisition. Land acquisition by private treaty is aiming to complete in 2022/23 but high likelihood of a Compulsory Purchase Order (CPO) being required which would extend programme by 15-18 months at a worst case scenario.</p> <p>The project has reported an increase in costs from last year in July 2021. This is mainly due to the original cost of £27.8m being derived from early feasibility work, an emerging design at that time and assumed site constraints and risks to the project. The budget also assumed a much quicker programme.</p> <p>As the project has progressed through GRIP stages 2 & 3 and based on further detailed design work a revised cost plan was produced which anticipates the infrastructure element being £21.2m in value. The wider project costs, that are outside of the Network Rail scope such as land assembly and public realm, takes the expected project cost to £37.9m.</p>
Alternative Options Considered	Accelerating the programme is not an option due to land acquisition by CPO being on the critical path.
Stakeholders Consulted	Network Rail, Steer, SELEP, Thurrock Council.

Section C - Impact

Section 5 Impact

Impact on total project cost (include updated spend profile)	The estimated cost of the project has increased from £28.7m to £37.9m with the increase in project costs to be met through a re-direction of funding from the Thurrock Capital Programme. The table below sets out the projected profile of project funding.																																								
	<table><tr><td></td><td>2018/19</td><td>2019/20</td><td>2020/21</td><td>2021/22</td><td>2022/23</td><td>2023/24 onwards</td><td>Total</td></tr><tr><td>Network Rail (NR) contribution</td><td>0.7</td><td></td><td></td><td></td><td></td><td>0.7</td><td>1.4</td></tr><tr><td>Local Growth Fund</td><td></td><td>3.6</td><td>0.83</td><td>0</td><td>1.83</td><td>4.54</td><td>10.8</td></tr><tr><td>Thurrock Council Capital, S106 funding & Development receipts</td><td></td><td></td><td></td><td>0.7</td><td>2.8</td><td>22.2</td><td>25.7</td></tr><tr><td>Total</td><td></td><td></td><td></td><td></td><td></td><td></td><td>37.9</td></tr></table>		2018/19	2019/20	2020/21	2021/22	2022/23	2023/24 onwards	Total	Network Rail (NR) contribution	0.7					0.7	1.4	Local Growth Fund		3.6	0.83	0	1.83	4.54	10.8	Thurrock Council Capital, S106 funding & Development receipts				0.7	2.8	22.2	25.7	Total							37.9
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Impact on LGF allocation	None																																								

Impact on project delivery timescales (include updated delivery programme)	<table border="1"> <thead> <tr> <th>Description</th> <th>Start</th> <th>Finish</th> </tr> </thead> <tbody> <tr> <td>Procurement of Contracts for next stages</td> <td>Jun-21</td> <td>Jun-22</td> </tr> <tr> <td>Land assembly 1</td> <td>Autumn 2021</td> <td>Nov-22</td> </tr> <tr> <td>Single Option Development</td> <td>Jun-22</td> <td>Sep-22</td> </tr> <tr> <td>Detailed Design</td> <td>Sep-22</td> <td>Feb-23</td> </tr> <tr> <td>Implementation 2</td> <td>Feb-23</td> <td>May-24</td> </tr> <tr> <td>Project Handback</td> <td>May-24</td> <td>Aug-24</td> </tr> <tr> <td>Project Closeout 3</td> <td>Aug-24</td> <td>Nov-24</td> </tr> </tbody> </table>			Description	Start	Finish	Procurement of Contracts for next stages	Jun-21	Jun-22	Land assembly 1	Autumn 2021	Nov-22	Single Option Development	Jun-22	Sep-22	Detailed Design	Sep-22	Feb-23	Implementation 2	Feb-23	May-24	Project Handback	May-24	Aug-24	Project Closeout 3	Aug-24	Nov-24
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<p>Note:</p> <p>All Dates are indicative until a revised programme is issued from Network Rail</p> <p>1: If CPO is required 15-18 months could be added to this part of the programme and moves start point of implementation.</p> <p>2: Assumes all possessions remain unchanged and subject to ground conditions.</p> <p>3: The date is for completion of the underpass, steps and ramps. Public Squares complete after this date.</p>																											
Impact on project outputs/outcomes	None																										
Impact on Value for Money offered by the project	<p>The project still represents High VfM.</p> <p>The BCR for the project, based on the total remaining project costs, is 2.0:1.</p> <p>The BCR for the project is lower compared to the BCR estimated in the 2019 Full Business Case (FBC), where it was 2.4:1. This reduction is primarily a result of the increase in the cost of the project.</p> <p>There is evidence to suggest that the scale of unmonetised benefits from the project are now higher than at the time at which the 2019 FBC was produced, which improves the value for money of the project.</p> <p>In particular, it is expected by Thurrock Council that the underpass and associated public realm improvements are expected to have greater impacts in terms of the benefits for the town centre from improving connectivity, increasing the flow and footfall of pedestrians to the town centre, and supporting wider regeneration of the town centre</p>																										
Impact on SELEP objectives	None																										

Section D – To be completed by Senior Responsible Officer

I am content for information supplied here to be stored electronically, shared with the South East Local Enterprise Partnerships Independent Technical Evaluator, Steer, and other public sector bodies who may be involved in considering the project change request.

I understand that a copy of this document will be made available on the South East Local Enterprise Partnership website one month in advance of consideration of the change by SELEP Accountability Board. Redactions to the document will only be acceptable where they fall within a category for exemption.

I understand that if I give information that is incorrect or incomplete, funding may be withheld or reclaimed and action taken against me. I declare that the information I have given on this form is correct and complete. Any expenditure defrayed in advance of project change approval is at risk of not being reimbursed and all spend of Local Growth Fund must be compliant with the Grant Conditions and in accordance with the signed Local Growth Fund Service Level Agreement.

Signature:

Print full name: Henry Kennedy-Skipton

Position within organisation: Strategic Lead Regeneration - Interim | Resources and Place Delivery

Section E – To be completed by Section 151 Officer

In submitting this Project Change Request, I confirm on behalf of Thurrock Council that:

- The information presented in this document is accurate and correct as at the time of writing.
- The funding has been identified to deliver the project and project benefits, as specified within the Business Case or as set out in this document if amended. Where sufficient funding has not been identified to deliver the project, this risk has been brought to the attention of the SELEP Secretariat through the SELEP quarterly reporting process.
- All known risks to project delivery are outlined within this document or remain as detailed in the Business Case.
- The delivery body has considered the public sector equality duty and has had regard to the requirements under s.149 of the Equality Act 2010 throughout their decision-making process. This includes the development of an Equality Impact Assessment at the outset of the project which will remain as a live document through the projects development and delivery stages.
- The delivery body has access to the skills, expertise and resource to support the delivery of the project as set out in the Business Case and as amended above.
- Adequate revenue budget remains allocated to support the post scheme completion monitoring and benefit realisation reporting.
- The project will be delivered under the conditions of the signed Local Growth Fund Service Level Agreement or other grant agreement with SELEP Ltd. and the SELEP Accountable Body.

I note that this document will be made available on the SELEP website one month in advance of consideration of the project change by the Accountability Board, subject to the removal of any information which is commercially sensitive and confidential as agreed with the SELEP Accountable Body.

Signature:

Print full name: Sean Clark

Section F - To be completed by SELEP

SELEP Project Number			
Change Request Number			
Has a review of the Business Case been completed?			
Change agreed with SELEP:	Choose an item.	Date	Click here to enter a date.
Comment			

Is Accountability Board approval required?			Choose an item.
Approved by Accountability Board	Choose an item.	Date	Click here to enter a date.
Comment			

Guidance

1. When is a change request required?

The types of scheme change to be reported include, but are not limited to:

Financial	<ul style="list-style-type: none"> - Change to total LGF spend - Change to total cost of a project - Reallocation of LGF
Scope	<ul style="list-style-type: none"> - Change to project from original scope as agreed in Outline Business Case submitted to Government for the provisional allocation of Local Growth Fund - Change to project scope from Business Case approved by Accountability Board - Change to intended scheme benefits
Outcomes	<ul style="list-style-type: none"> - Change to the expected outcomes agreed in the project Business Case or as reported to Government through reporting submissions

Where LGF funding is being reallocated from one LGF project to another, then two change requests will be required. The first will reduce the LGF allocation to a project and the second will increase the LGF allocation to a project.

If you are unclear whether a change request is required or not please speak to the SELEP Capital Programme Manager.

2. Accountability Board approvals

Where a project change includes one or more of the changes listed below, then SELEP Accountability Board approval will be required automatically.

- (a) *Cancellation of a project which has received a provisional funding allocation;*
- (b) *Inclusion of a new project within the LGF programme which has been identified within the LGF Project Pipeline;*
- (c) *Acceleration of a project previously programmed to start in later years;*
- (d) *Delays to project start or end dates of more than six months;*
- (e) *All changes to project capital grant allocations above the 10% threshold;*
- (f) *Any re-profiling of capital grant between financial years;*
- (g) *Any changes to total project costs above 30% or a £500,000 threshold which are identified prior to the construction contract award;*
- (h) *Any substantial changes to the expected project benefits, outputs and outcomes as agreed in the business case which may detrimentally impact on the value for money assessment. In such circumstances, it is expected that the business case should be re-evaluated by the ITE; and*
- (i) *Any further changes as may be defined by Government.*

For other project changes where the SELEP Secretariat or Accountable Body advises that the completion of a change request is required, it will be at the discretion of the SELEP Secretariat to

decide whether the change requires Accountability Board approval. SELEP Accountability Board will be made aware of all change requests as part of the LGF update.

Forward plan reference number: FP/AB/515

Report title: Local Growth Fund – London Gateway/Stanford le Hope Update Report	
Report to: Accountability Board	
Report author: Keith Rumsey, Interim Assistant Director – Regeneration and Place Delivery, Thurrock Council and Howard Davies, SELEP Capital Programme Officer	
Meeting date: 27 May 2022	For: Decision
Enquiries to: howard.davies@southeastlep.com	
SELEP Partner Authority affected: Thurrock	

1. Purpose of report

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

2. Recommendations

- 2.1. The Board is asked to:
 - 2.1.1. **Note** the update on delivery of the project
 - 2.1.2. **Note** that the updated Business Case required to demonstrate that the Project continues to be deliverable and that it continues to offer High value for money was not submitted in time for consideration at this meeting as previously agreed by the Board. Noting that this means the conditions attached to the agreement of the requested Project extension to July 2024 have not been satisfied and therefore the extension has not been granted.
 - 2.1.3. **Note** that the updated Business Case will now be considered at the July 2022 Board meeting. If the Business Case is not submitted in time for completion of the ITE review in advance of the July Board meeting, the Board will be asked to consider whether the LGF funding should remain allocated to the project.

3. Background

- 3.1. The main aims of the project are to:
 - 3.1.1. Develop an interchange that will connect bus, rail, cycle, taxi and pedestrian modes of transport at Stanford le Hope station.

Page 128 of 241

- 3.1.2. Expand capacity at Stanford le Hope Station.
- 3.1.3. Implement a package of works that meets the requirements of travel plans for London Gateway and unlocks the next phase of development at London Gateway. Provide improvements to public transport infrastructure and service reliability to new housing developments and to the major employment growth sites at London Gateway/Coryton.
- 3.1.4. Help curb traffic growth and minimise growth in transport emissions in the area through this new transport interchange.
- 3.2. To assist with delivery of this complex regeneration project, the works as set out in the original Business Case have been assigned into 2 phases:
 - 3.2.1. Station buildings - with passenger toilets, widened platform, level access to building and station platforms, real time customer information systems (Phase 1).
 - 3.2.2. Multi-modal interchange – 2 car passenger drop off positions with landing island, 2 taxi rank positions with landing island and shelter, 84 secure cycle parking spaces, 2 drop off positions and 1 pickup position for a bus with waiting facilities, protected pedestrian walking routes and desire lines (Phase 2).
- 3.3. The Board approved an LGF allocation of £7.5m of the estimated £12.05m project cost in February 2017. This allocation has been spent in full supporting design development, ground investigation, site de-risking, planning process and demolition works.
- 3.4. Project completion was expected to be in December 2018. The original Business Case demonstrated strong value for money with a benefit cost ratio (BCR) of 9.4:1. The project supports the creation of an estimated 756 new jobs at DP World London Gateway and Thames Enterprise Park over the period up to 2031 through provision of infrastructure that will improve accessibility by sustainable modes of travel.
- 3.5. After early delays due to planning, contract issues and the wider impacts of Covid-19, additional expertise was introduced, and the project is now moving forward.
- 3.6. Planning permission for the Phase 1 works was granted in July 2021, followed by the commencement of a tender process in September 2021, finishing in March 2022 with works for Phase 1 due to be completed by December 2023. The full programme is set out in Table 1 below.
- 3.7. The costs associated with the scheme have increased as the Project has progressed. After the demolition of the old railway station and installation of temporary facilities, site investigations, environmental constraints, and the practical considerations of construction made it necessary to make significant changes to the original design of the station. To expedite delivery of the station, land was acquired to the north of the station site (Daybreak windows site). This was intended to assist with the development of a more strategic approach to area-wide regeneration including the opportunity for future improvements to sustainable movement and access. This land will also assist the construction of the new station facilities whilst maintaining operability of the station. In addition to unforeseen

regeneration complexities, costs have also been affected by inflationary pressures and the wider impacts of Covid-19.

- 3.8. In February 2019, a further £4m of capital funding was allocated to the project budget by Thurrock Council in recognition of their commitment to regeneration of the area.
- 3.9. At a meeting of their Cabinet in July 2021, Thurrock Council agreed to increase the current envelope by £10m to deliver the scheme.
- 3.10. The current cost estimate of £29.09m (Table 2) is the working budget for both elements of the Project. The estimate will be subject to confirmation of future costs through tender processes and final completion audits of the Project.
- 3.11. At the September 2021 Board meeting an extension to project completion until December 2023 was agreed.
- 3.12. At the November 2021 Board meeting it was agreed to extend the project completion date until July 2024, subject to an updated Business Case which sets out Value for Money and Benefits offered by the Project, for consideration by the April 2022 Board meeting at the latest.

4. Updated Business Case

- 4.1. The original consultants, Lambert Smith Hampton, who produced the 2017 Business Case have been appointed to undertake the 2022 Business Case update. However, delays in data collection have resulted in the final Business Case not being available for SELEP's Independent Technical Evaluation (ITE) process and for the outcome of their review to be included in this report. As a consequence, the Project did not meet the conditions attached to the agreement (Section 3.12) of a further extension of the project completion date to July 2024 and therefore this extension has not been granted.
- 4.2. It is now anticipated that the updated Business Case will be submitted in time for the ITE process to be completed in advance of the Accountability Board meeting in July 2022.

5. Project Progress Since Last Report

Phase 1 Station Upgrade

- 5.1. Thurrock Council has already procured the services of VolkerFitzpatrick Ltd in joint venture with AECOM for the detailed design, delivery, testing, commissioning and handover of the Phase 1 works. This comprises:
 - 5.1.1. Platform Widening to platforms 1 and 2
 - 5.1.2. Demolition of the existing station footbridge and construction of a new footbridge incorporating passenger lifts.
 - 5.1.3. Station buildings on both up and down platforms are accessed by a step free forecourt and concourse.

5.1.4. Improved facilities including disabled, public and staff toilets, baby changing facilities, refreshment/retail accommodation with real time information signage.

5.1.5. Hard and Soft Landscaping.

5.2. The appointment of a contractor was made on 3rd March 2022. A letter of intent is in preparation to allow early mobilisation, in advance of contract signing, which has been delayed. A verbal update will be provided to the Board at the meeting. This appointment is under a fixed price design and build contract using New Engineering Contract (NEC) Engineering and Construction Contract (ECC) Option A. An option A is a priced contract with an activity schedule where the risk of carrying out the work at an agreed price is largely borne by the contractor.

5.3. During Phase 1 VolkerFitzpatrick will undertake the necessary platform widening; demolish the existing footbridge and replace it with a Network Rail approved footbridge with stairs and lift module; construct a new, but very much simplified, station building and canopy, taking into consideration the void that existed under the old building and avoiding access ramps if possible; construct new forecourt with provision for a small retail outlet; and associated hard and soft landscaping.

5.4. In order to deliver this scheme, the Daybreak windows site which will form part of the Phase 2 site will be made available for the contractor's compound and site offices for the duration of the works. Therefore, it is most likely that Phase 2 will follow Phase 1 when the site has been vacated and released for development.

6. Phase 2 Multi-Modal Interchange – Updated Position

6.1. Thurrock Council is committed to delivering the outputs as set out in the original Project Business Case and it is recognised that the majority of the benefits associated with the LGF funding are associated with Phase 2 of the Project and will be delivered via works at the Phase 2 site which is situated to the north of London Road opposite the station.

6.2. Thurrock Council's design team are working with stakeholders to explore design options that will address the challenges raised by the site conditions and the feedback from the planning pre-application meeting as set out in the November 2021 update report. These design considerations are forming the basis of revised designs and costings and will inform the planning application for the Phase 2 works.

7. Programme – Both Phases

7.1. Table 1 shows the current programme for Phase 1 and the indicative timeline for Phase 2; this will be validated through the revised Business Case.

Table 1: Updated Programme for both Phases of the Project

Project Programme	
Task	Date
Phase 1 - Invitation to Tender (ITT) – Design and Build Contractor (Complete)	September 2021
Phase 1 - Tender Submission	7 th January 2022

Phase 1 - Tender Evaluation Period	January – February 2022
Phase 1 - Governance of Railway Investment Project (GRIP) 4 – awaiting final sign off from NR and c2c	February 2022
Phase 1 - Contractor Appointed	March 2022
Phase 1 - Design and Build Contract (GRIP) 5-6	May 2022 to October 2023
Phase 1 - Project Completion (GRIP) 7-8	October 2023 to December 2023
Phase 1 & 2 Revised Business Case	May 2022
Phase 2 Planning Submission	September 2022
Phase 2 Completion	July 2024

8. Costs and Funding Package

- 8.1. The funding profile shown in Table 2 is the same as that shown in the previous report in February 2022.
- 8.2. There was an inconsistency around the funding profile reported at the February Board meeting and that shown at the November 2021 meeting. Although the total project cost was the same, there was a difference in the actual yearly breakdowns. Thurrock Council have confirmed the profile show in Table 2 is correct and the Table provided at the November 2021 Board meeting was incorrect. After investigating it was found that costs around the Daybreak site purchase had been reported incorrectly.
- 8.3. As stated at Section 5.2, a contractor has been appointed for Phase 1, with the final legal matters drawing to a close. Thurrock Council will be in a position to give a verbal update on this at the Board meeting.

Table 2: Current Funding Profile

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

9. Delivery risks and identified mitigation

- 9.1. Table 3 shows the current risk register for the Project as supplied by Thurrock Council.

Table 3 Risks and Mitigation

Risk	Mitigation
The concept scheme design for the Phase 2 interchange cannot be implemented due to site constraints and planning complications.	Thurrock Council officers are working with external design teams to explore design options that can be delivered within the budget and timescales and still deliver the required funding outcomes.
The revised scheme fails to achieve the stated cost Benefits, as assessed via the revised Business Case.	The original scheme design delivered significant cost benefit outcomes when assessed via the Business Case. The revised scheme design, to be presented to the Board in July 2022, seeks to achieve the same level of outcomes and will consider the wider strategic growth impacts of the Freeport on the investment of Stanford Le Hope station and interchange.
The Phase 2 design cannot be delivered within the budget envelope.	The design team are working closely with the Project Manager to understand the budget headroom and will explore alternative funding sources if required.

10. Next Steps

- 10.1. Phase 1 – following the contract award in March 2022, the successful contractor will progress the design through GRIP stages 5 to 8, as set out in Table 1. Currently it is forecast that some enabling works will start on site in July 2022 with the expected completion date on site in October 2023. GRIP 5 sign off (end of detailed design) is currently forecast to be December 2022. These dates may need to shift slightly depending on the agreed construction methodologies for various aspects.
- 10.2. Phase 2 – The overall Project budget has been increased (Table 2), by £17.04m, from the original business case (£12.05m). The revised costs cover both Phase 1 and Phase 2. Thurrock Council Officers are working on a provisional cost breakdown for Phase 2 and are designing accordingly.
- 10.3. Work continues to finalise the required updated Business Case and it is anticipated that this will be submitted in time for the completion of the ITE review in advance of the July Board meeting.

11. SELEP comments

- 11.1. At the November 2021 Board meeting it was agreed to extend the Project completion date to July 2024, subject to a revised Business Case being presented for consideration at this meeting. This Business Case needed to demonstrate the ongoing deliverability of the Project and provide confirmation that the Project continues to offer High value for money following the reported cost increases. As set out within this report, the revised Business Case has not yet been submitted and therefore the condition attached to the decision to

extend the completion date has not been met. The extension to the Project completion date has therefore not been agreed.

- 11.2. Furthermore, at the September 2021 Board meeting, it was agreed that confirmation of a full funding package for the Phase 2 works should be provided at the February 2022 Board meeting. To date, Thurrock Council have been unable to provide this confirmation as work is continuing to develop design proposals for Phase 2 of the Project. Evidence of a full funding package for both phases of the Project must be included within the revised Project Business Case.
- 11.3. As set out in previous updates to the Board, there remains concern regarding the ability of the Project to realise the improved access to employment sites envisaged within the original Business Case. The delivery of the new station building, Phase 1, will play a part in bringing forward these benefits, however, the delivery of Phase 2 of the Project is critical to the full realisation of these benefits. Phase 2 proposals are still being developed and therefore at this stage, there remains uncertainty about the level of benefit that will be realised.
- 11.4. The revised Business Case must reflect upon the benefits set out within the original Business Case within the context of current proposals for Phase 2 of the Project and against a backdrop of the recently approved Thames Freeport.
- 11.5. It is currently anticipated that the revised Business Case will be submitted in time for completion of the ITE review process in advance of the July Board meeting. If the updated Business Case provides the assurances required, the Board will be asked to agree the requested extension to the project completion date, at the July 2022 Board.
- 11.6. If a revised Business Case is not submitted in time for consideration at the July meeting, the Board will be asked to consider whether the LGF funding should remain allocated to the Project.

12. Financial Implications (Accountable Body comments)

- 12.1. There continue to be a number of challenges to completion of the London Gateway/Stanford le Hope Project, albeit that the LGF has already been spent supporting delivery; this presents risks on assuring delivery of the expected outcomes and value for money, especially given the increase in Project costs and delivery challenges of the original business case.
- 12.2. To mitigate these risks, the Board is advised to keep under review the delivery progress of the Project and to take this into account with regard to any further decisions made in this respect. The proposed revised business case will assist in clarifying future proposals, costs and benefits; further the value for money assessment within the revised business case will be subject to independent technical evaluation, which will give the Board greater assurance in this respect.
- 12.3. An essential component of the revised business case will be confirmation of the full funding package being in place for both Phases.

- 12.4. Essex County Council, as the Accountable Body, is responsible for ensuring that the LGF funding is utilised in accordance with the conditions set out by Government for use of the Grant.
- 12.5. All LGF is transferred to Thurrock Council, as the Project's Lead Authority, under the terms of a Funding Agreement or SLA which makes clear that funding can only be used in line with the agreed terms. It is also clear that ensuring sufficient funding is available to support delivery of the Project is the responsibility of Thurrock Council.
- 12.6. The Agreements also set out the circumstances under which funding may have to be repaid should it not be utilised in line with the conditions of the grant or in accordance with the Decisions of the Board.
- 12.7. Should it not be possible, for example, to secure realisation of the outcomes and benefits set out within the Project business case, there is a risk that the Project may no longer meet the conditions of the Funding Agreement. In these circumstances, the Board may consider recovering some, or all, of the £7.5m LGF allocated to the Project.
- 12.8. In addition, should any of the LGF spent on this Project have been used to fund any costs that are now abortive revenue costs, this will no longer meet the requirements of the Funding Agreement; in this circumstance, the funding may need to be returned or potentially reinvested in the Updated business case Project, subject to approval by the Board.
- 12.9. To monitor these risks, the Board is advised to keep under review the delivery progress of this Project and to take this into account with regard to any further decisions made in this respect. In addition, at this time there are wider possible risks which may impact delivery of this LGF project, therefore ongoing effective monitoring of delivery and understanding of the risks along with proposed mitigations is essential for the Board, due to the current uncertain economic climate and increasing inflation, together with ongoing impacts experienced following Covid-19 pandemic and Brexit.

13. Legal Implications (Accountable Body comments)

- 13.1. The grant is administered in accordance with the terms of the Grant Determination Letter between the Accountable Body and Central Government and is required to be used in accordance with the terms of the Service Level Agreement between the Accountable Body and the Partner Authority.
- 13.2. It is an expectation that the Partner Authority mirrors the terms of the SLA within its funding agreements with delivery partners. If a project fails to proceed in line with the conditions of the SLA or grant conditions from Central Government, the Accountable Body may clawback the funding for reallocation by SELEP Ltd.

14. Equality and Diversity Implications

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

- 14.1.1. Eliminate unlawful discrimination, harassment and victimisation and other behaviour prohibited by the Act.
- 14.1.2. Advance equality of opportunity between people who share a protected characteristic and those who do not.
- 14.1.3. Foster good relations between people who share a protected characteristic and those who do not including tackling prejudice and promoting understanding.
- 14.2. The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation.
- 14.3. In the course of the development of the project business case, the delivery of the Project and 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.

15. List of Appendices

- 15.1. Appendix A – London Gateway/Stanford Le Hope Project Background

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

Role	Date
Accountable Body sign off Stephanie Mitchener (on behalf of Nicole Wood, S151 Officer, Essex County Council)	 19/05/2022

Appendix A – LGF Project Background Information

Name of Project	London Gateway/Stanford Le Hope Thurrock Council
Local Growth Fund (LGF) allocation	£7.5m (awarded February 2017)
Description of what Project delivers	<p>The original Business Case set out the following:</p> <p>On the north banks of the Thames Estuary in Stanford-le-Hope, Essex, London Gateway is the UK's newest and most technologically advanced deep-sea container port catering for global shipping. Once fully developed, London Gateway will comprise six deep sea shipping berths alongside Europe's largest logistics park comprising up to 830,000 square metres of 'B' class warehouse floorspace. In total DP World London Gateway is anticipated to generate approximately 12,000 direct jobs (on-site) with a further 24,000 indirect jobs created within supply chains.</p> <p>DP World London Gateway is remote from the Thurrock Urban Area and accessibility will be an issue for prospective employees without access to a car. Ensuring a sufficient labour supply and good job/skills matching will be critical for not only realising the growth but sustaining the jobs in the long term by maximising productivity. It is therefore necessary to ensure that high quality accessibility is provided by non-car means through better bus facilities in Stanford-le-Hope and high-quality rail/bus integration to attract employees. In addition, good quality passenger transport facilities and bus/rail integration will be necessary to achieve the modal split targets for the development.</p> <p>The project scope will consist of a new multi-modal interchange and station buildings.</p> <p>The new multi-modal interchange will provide:</p> <ul style="list-style-type: none"> • 2 car passenger drop-off positions with landing island; • 2 taxi rank positions with landing island and shelter; • Protected pedestrian walking routes and desire lines; • 2 drop off and 1 pick-up position for a 12m rigid bus (allowing for double-decker) with waiting facilities; and • 84 new secure cycle parking spaces. <p>The new station buildings will:</p> <ul style="list-style-type: none"> • Adopt best practice station design to develop a carbon neutral station. Station design should include LED lighting, heat pump, heat recovery, rainwater harvesting and be thermally efficient; • Offer increased and integrated waiting facilities with customer information systems; • Include passenger toilets, a commercial retail facility, widened Platform 1 with covered waiting areas, integrated passenger footbridge with lifts and level access from London Road to both station buildings and to the platforms;

	<ul style="list-style-type: none"> • Offer provision for electric pedal bike hire scheme and charging points and real-time customer information system for shuttle bus services to external waiting shelter and internal railway station waiting area.
Project benefits	<p>The project will:</p> <ul style="list-style-type: none"> • Develop an interchange that will connect bus, rail, cycle, taxi and pedestrian modes of transport at Stanford-le-Hope station; • Expand capacity at Stanford-le-Hope station turnstiles; • Implement a package of works that meets the requirements of travel plans for London Gateway and unlocks the next phase of development at London Gateway; • Provide improvements to public transport infrastructure and service reliability to new housing developments and to the major employment growth sites at London Gateway/Coryton; and • Help curb traffic growth and minimise growth in transport emissions in the area through this new transport interchange.
Project constraints	<ol style="list-style-type: none"> 1. Planning Permission is not in place for all elements of the project (Phase 2); 2. Work is ongoing to confirm that a full funding package is in place. 3. An updated Business Case is required by SELEP to confirm Value for Money and delivery of benefits as set out in the original Business Case, this is due to substantial increases in project costs.
Link to Project page on the website with full Business Case	https://www.southeastlep.com/project/london-gateway-stanford-le-hope/

Report title: Queensway Gateway Road LGF 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 Manager	
Meeting date: 27 May 2022	For: Decision
Enquiries to: Helen.dyer@southeastlep.com	
SELEP Partner Authority affected: East Sussex	

1. Purpose of report

- 1.1. The purpose of this report is for the Accountability Board (the Board) to receive a further update on the delivery of the Queensway Gateway Road Local Growth Fund (LGF) project (the Project).
- 1.2. The Board has been provided with regular updates on the Project and this update sets out the current position in relation to the signalised connection to the A21 (previously referred to as the temporary connection) and the risks to delivery.
- 1.3. Once the programme for the delivery of the permanent (roundabout) connection with the A21 has been confirmed, further updates will be provided to the Board on an exception basis, should there be any substantial changes to the project programme.
- 1.4. At the time of preparing this update report, East Sussex County Council and National Highways are working with Sea Change Sussex (as delivery partner) to progress the necessary highway agreements set out within the report for the delivery of the signalised connection. It is expected that an update on progress on the Stage 2 Road Safety Audit, Section 278 agreement and the required Traffic Regulation Orders (TROs) will be provided at the 15 July 2022 Board meeting.

2. Recommendations

- 2.1. The Board is asked to:
 - 2.1.1. **Note** the latest position in the delivery of the Project and the steps that will be taken to secure completion;
 - 2.1.2. **Agree** that the Board will be provided with a further update on the Project, which updates the project delivery plan and associated milestones, at its meeting on 15 July 2022.

3. Background

Queensway Gateway Road LGF Project Update

- 3.1. The Project will deliver a single carriageway road link between A21 Sedlescombe Road North and Queensway in Hastings. Construction of this road link provides access to designated employment development sites within the Bexhill Hastings Growth Corridor which would otherwise not be brought forward.
- 3.2. The LGF funding has been spent in full supporting project delivery to the end of 2020/21. Further information regarding the Project can be found in Appendix A - LGF Project Background Information.
- 3.3. The original Business Case indicated that the Project would complete in November 2016 based on when the funding would be received. As the Board are aware from previous updates, delivery of the Project has been slower than anticipated due to initial delays:
 - 3.3.1. in securing planning permission and discharge of planning conditions due to a judicial review challenge which was overcome by the issue of a fresh planning application on 8 January 2016, allowing the project to proceed from December 2016 on receipt of the last discharges; and
 - 3.3.2. in progressing the embankment works and completing the associated highways works – with timescales increasing from 10 to 19 months due to delays in the receipt of a Section 278 agreement connecting one end of the new Queensway Gateway Road (the Project) to Queensway.
- 3.4. The remainder of the main carriageway works were completed in 6 months from January to July 2019. The only remaining works are the junction improvements with the A21 to allow the connection to open to traffic. A further Section 278 application was lodged on 4 February 2020 involving East Sussex County Council and National Highways for the first time. This resulted in two Section 278 agreements being concluded on 8 October 2020 to progress works on the existing carriageway to the junction of Whitworth Road and Junction Road. This has left the last connection works between Whitworth Road and the A21 which have been progressed to meet the requirements of East Sussex County Council and National Highways.
- 3.5. The completion of the final section of the Project has been impacted by delays that Sea Change Sussex have experienced in securing the land to construct the scheme with extant planning permission approved by Hastings Borough Council.
- 3.6. This report provides an update on the delivery of a signalised connection and priority lanes to make the road link to the A21 (referred to in previous Board reports as the temporary connection). This will allow the full use of the new road between Queensway and the A21. The full use of the road between Queensway and the A21 was a key element of the original business case, which the scheme promoter is of the view that the connection remains within the definitions set out within the business case but recognise that further assessment is required to confirm that the revised connection delivers the same benefits as the original design to provide assurance to the Board. The report also provides an update on the final connection with the A21 (referred to in previous Board reports as the permanent connection).

4. Progress on the signalised connection since the last update to the Board

Page 140 of 241

- 4.1. It should be noted that the Stage 1 Road Safety Audit highlighted the need for a TRO for the prohibition of parking in areas of Whitworth Road where it will cause a road safety issue. East Sussex County Council have commenced informal consultation with key stakeholders on this TRO and provided feedback to Sea Change Sussex with no significant issues having been raised. The timescales for completion of the TRO are now reliant on the statutory and public consultation on the prohibition of parking on Whitworth Road, it is anticipated that completion of the TRO is 6-8 weeks from receipt of the required documentation. East Sussex County Council are aware that Sussex Police have required additional information to support the TRO.
- 4.2. Once Sea Change Sussex provide the required documentation, East Sussex County Council will commence the consultation. The consultation will take three weeks, with the total process expected to take six weeks if there are no objections, or eight weeks if objections are received. Once this process takes place, the intention is that Sea Change Sussex will continue to progress other elements of Section 278 that can be taken forward in advance of the outcome of the consultation.

5. Delivery programme for the signalised connection with the A21

- 5.1. As highlighted above, the signalised connection involves the introduction of traffic lights at the junction between the A21 and Junction Road and securing a TRO for the section of road between Junction Road and The Ridge. The delivery of this connection will maximise the employment benefits of the scheme already realised through the 90% of the new road which is already complete and will resolve existing traffic congestion, particularly along The Ridge.
- 5.2. It was noted in previous updates to the Board that further transport modelling work for the signalised connection with the A21 had been presented to National Highways which demonstrated that the signalised connection would work satisfactorily and would not have a wider detrimental impact on the strategic and local road networks. As a consequence, National Highways provided an “in principle” technical approval of the modelling aspect of the scheme, while Sea Change Sussex worked through the Road Safety Audit process with National Highways. The Stage 1 Road Safety Audit has now been signed off by National Highways.
- 5.3. Following the sign off of the Safety Audit, a full package of plans and detailed designs of the scheme, including a Stage 2 Road Safety Audit, were submitted in November 2021 by Sea Change Sussex to National Highways and East Sussex County Council for final approval. The Stage 2 Road Safety Audit report was issued via National Highways in January 2022. Design amendments have been made by Sea Change Sussex in line with the independent auditors’ comments and East Sussex County Council and National Highways are awaiting their submission.
- 5.4. A Section 278 legal agreement between Sea Change Sussex, East Sussex County Council and National Highways, which is now anticipated for completion in June/July 2022 (delayed from early Spring), will incorporate the above technical solution and its plan base allowing construction of the final works. The negotiation of the legal agreement can progress ahead of final approval, legal teams have been instructed and work is progressing.

Queensway Gateway Road LGF Project Update

- 5.5. The process of agreeing terms on the legal agreement is not expected to be onerous, but it should be noted that the legal agreement will also require the input of the legal team at National Highways. The timeline for completion of the Section 278 agreement is indicative based on the programme outlined by National Highways. Both Sea Change Sussex and East Sussex County Council are heavily reliant on National Highways resource being allocated to complete this work.
- 5.6. Temporary TROs (TTRO) have been agreed with East Sussex County Council and National Highways allowing construction to proceed.
- 5.7. Sea Change Sussex have advised that the expected programme for delivery of the signalised connection is 6 weeks with an additional 2-week contingency. Based on the estimated timescales for the approvals process and delivery programme and booking of road space, it is currently anticipated that the signalised connection will be constructed and complete, at the earliest, by Autumn 2022.

Table 1: Milestones to completion for Signalised Connection

Key Milestone	Progress and indicative timeframe	Risks	Mitigations
Stage 2 Road Safety Audit Approval (RSA2)	<p>Stage 2 Road Safety Audit has now been undertaken but its findings necessitate changes to drawings, plans and specification for the scheme.</p> <p>Sea Change Sussex now need to produce the above and submit to National Highways and East Sussex County Council.</p> <p>Once received National Highways and East Sussex County Council should be able to review within 2-3 weeks.</p>	RSA 2 not approved within indicative timelines as further information or designs required.	Regular communication taking place between all parties to address any issues/concerns.
TRO for the prohibition of parking in areas of Whitworth Road and associated statutory and public consultations	The timescales for completion of the TRO are reliant on the statutory and public consultation on the prohibition of parking on Whitworth Road, it is anticipated that completion of the TRO is 6-8 weeks from receipt of the required documentation. Completion of the entire process will sit within the build out programme for the signalised connection and therefore it is anticipated that this will be completed by the Autumn 2022 completion date.	Delays in East Sussex County Council receiving necessary documentation to proceed with the TRO. Not a Risk/Dependency for progressing the 278 Agreement or construction as this needs to be complete for Road Opening so can be carried out in tandem with the other agreements.	East Sussex County Council holding and attending weekly meetings with Sea Change Sussex and National Highways to ensure progress.
Section 278 Agreement	In line with the above, should approval be given, 142 of 241 instructions will be given to	Parties can't agree on legal terms	Can be escalated to Assistant

Queensway Gateway Road LGF Project Update

	<p>respective legal teams for National Highways and East Sussex County Council to enter into Section 278 agreement.</p> <p>National Highways timescale for all approvals is approximately June/July 2022. East Sussex County Council timescales will be inside of this.</p>		Director/Director level to resolve if required
Construction	8 weeks* - early Autumn 2022 based on the above milestones being met	Potential issues with booking road space	Sea Change Sussex maintaining constant dialogue with National Highways/East Sussex County Council
Road Opening	TBD - Dependent on TRO with East Sussex County Council – Potentially Autumn 2022	Contractor availability at time	Sea Change Sussex due diligence in contractor appointment
Once road opened – monitor and analyse changes in traffic movements and determine whether further interventions are necessary	Up to 6 months post opening.	Risks to timeframe include further pandemic impacting on traffic levels and travel demands across the network; needing to assess the changes in traffic patterns and flows over a reasonable period across the wider network that takes into consideration the changes from pre to post full opening of the road.	Planning ahead for transport monitoring and project team in place to continue liaison and review outcome data.
Stage 3 (Post construction) Road Safety Audit undertaken and any changes implemented	To be undertaken once road opened and identified changes implemented post-Audit (indicatively Spring 2023)		
Project Change Request to be considered (if appropriate)	Currently assumed to be July 2023 SELEP Accountability Board		

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

6. Impacts should the Signalised connection be the final connection

- 6.1. Early in preparing for the construction of the permanent roundabout solution it became apparent that there would be a need to resolve traffic issues caused by the construction works to avoid severe tailbacks onto the A21 and surrounding local road networks.
- 6.2. Sea Change Sussex has looked at a design for the connection to the A21 which incorporates slip roads on the A21 and a signalised junction with priority turn lanes. The modelling results for this signalised connection show comparable performance to a roundabout solution.
- 6.3. Updates on the necessary approvals to construct the signalised connection:

- 6.3.1. Stage 2 Road Safety Audit has been undertaken and the results of which necessitate changes to plans, designs and specification of the road. This is

UPDATED PAGE NUMBER (ignore above)

currently being undertaken by Sea Change Sussex and subject to the designs being acceptable, it is anticipated that technical approval should be forthcoming in early Summer 2022; and

- 6.3.2. the preparation of the necessary Section 278 legal agreements with East Sussex County Council and National Highways in parallel to seeking technical design approval.
- 6.4. It is not until Sea Change Sussex have the required highways agreements in place with both East Sussex County Council and National Highways that all consents required to construct the signalised junction will be in place. In addition, the road cannot open to traffic until both the TROs referred to above have been made.
- 6.5. While due consideration should be given to the potential for this to be retained as a long-term solution it cannot be adopted as the final connection until both Sea Change Sussex and East Sussex County Council are satisfied it can progress to completion and opening. Adopting this design as a final connection prematurely would risk commitment to a scheme that could be determined to be undeliverable and could prejudice the delivery of the original scheme by adversely impacting the case for a potential Compulsory Purchase Order (CPO) to provide certainty on the land assembly required for the original scheme. At present the focus is on implementing the signalised connection to enable the road to fully open to traffic. The key milestones and associated timescales for completion of the signalised junction are set out in Table 1 above.
- 6.6. At the previous November 2021 and February 2022 meetings, the Board were advised that East Sussex County Council had been in discussions to commission an independent expert (in relation to whether there is a case for a CPO to secure the outstanding land included in the original scheme) to undertake an assessment of all options available to facilitate completion of the project's permanent connection. As set out above, the focus is currently on implementing the signalised connection to enable the road to open to traffic and as a result this appointment has been placed on hold. If it is decided that the signalised connection will not be retained as a long-term solution, then the appointment of an independent expert will be revisited.

7. Delivery of the permanent connection with the A21

- 7.1. The majority of the carriageway has been delivered with the final junction and carriageway widening on the A21 outstanding. The business case from February 2015 contemplated a signalised junction at either end of the new road (the Project) with a plan indicating a proposed roundabout junction with the A21. The largely completed planning permission permits a roundabout to be constructed which would require further land acquisition.
- 7.2. At this stage land acquisition negotiations have not been concluded to secure all the land required for the original scheme for the permanent connection, which means it is not possible to provide a definite timeline for completion of the proposed final connection.
- 7.3. East Sussex County Council have indicated that their preferred scenario continues to be for Sea Change Sussex to secure the necessary land through negotiations from all of the relevant landowners as Government requires acquiring authorities to take all reasonable steps to acquire land by negotiation before exercising compulsory powers. If land cannot be

Queensway Gateway Road LGF Project Update

secured through negotiation, and a CPO is deemed necessary, then the construction start and completion could be delayed further by anywhere between 6 and 18 months (or longer if this results in a public inquiry) compared to the timeline for completing the permanent connection with the land secured by negotiation.

- 7.4. At present the focus is on implementing the signalised connection to enable the road to fully open to traffic and therefore progress towards completing the required land acquisition, either through negotiation or CPO, has been negligible since the last updates to the Board.

8. Project budget

- 8.1. The Project was considered by the Strategic Board in March 2015, and the award of £15m LGF funding was approved. The Service Level Agreement (SLA) between Essex County Council (as the Accountable Body for SELEP) and East Sussex County Council confirmed that £10m of the £15m would be made available in the 2015/16 financial year – initially £2.5m with £7.5m to follow later in the financial year.
- 8.2. Subsequent to this decision, East Sussex County Council identified a need to amend the LGF allocations to a number of their projects to facilitate successful delivery. This was achieved by reallocating funding between East Sussex County Council LGF funded projects. As a result, the LGF allocation to the Project was reduced to £6m and subsequently increased back up to £10m in February 2018.
- 8.3. The LGF funding has been spent in full supporting project delivery to the end of 2020/21. Sea Change Sussex retained funding up to £2m to complete the Project.
- 8.4. Spend on the Project to the end of April 2022 totalled £10.524m, which includes full spend of the £10m LGF allocation.
- 8.5. Despite the potential impacts of the COVID-19 pandemic on the construction industry and the delays encountered in delivering the Project, at this time East Sussex County Council and Sea Change Sussex are addressing the above stated matters to ensure that the Project can be delivered within the available budget. Costs have now been identified for the majority of the outstanding works including the construction of the final connection, professional and management fees for the completion of the Project and if required CPO indemnity costs including land compensation payments. Assurances have been provided that, after consideration of these identified costs, sufficient funding remains within the funding package to deliver the final connection.
- 8.6. The updated Project spend profile is set out in Table 2 below.

	Actual spend to end of 2020/21 £	Actual spend in 2021/22 £	Actual spend in 2022/23 £	Forecast spend in 2022/23 £	Total £
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Queensway Gateway Road LGF Project Update

SELEP LGF Grant	10,000,000	0	0	0	10,000,000
Sea Change Sussex	188,331	335,990	150	1,475,529	2,000,000
Total	10,188,331	335,990	150	1,475,529	12,000,000

Table 2: Queensway Gateway Road spend profile

9. Benefits Realisation from the Scheme

- 9.1. The economic case for the road was based on the unlocking of employment land within the ownership of East Sussex County Council and Hastings Borough Council which is identified in the adopted Hastings Local Plan. This land was made accessible by the creation of the middle roundabout of the scheme, which was completed in 2019, meaning the potential employment site has been accessible since then. Hastings Borough Council are currently marketing their land for commercial development, however, the disposal of the land has been adversely impacted by the COVID-19 pandemic. The direct economic benefits of the scheme have been fully delivered with indirect benefits dependent on public sector owned land being brought forward for subsequent development.
- 9.2. To date there have been 36 construction jobs reported by Sea Change Sussex in connection with the delivery of the scheme. This compares to 12 FTE construction jobs related to the construction of the road and 30 construction jobs related to the construction of the new employment floorspace as set out in the business case.

10. Next steps

- 10.1. It is recommended that a further full update on the Project, be presented at the 15 July 2022 Board meeting confirming whether the required approval of the Section 278 Agreement is in place, booking of the available road space, or any other issues raised and subject to this construction of the signalised junction has commenced.

- 10.2. The Board will continue to receive updates on the Project until satisfied that the deliverability risk has been fully addressed and has reduced to an acceptable level.

11. SELEP comments

- 11.1. The update on the Project presented to the Board in February 2022 indicated that it was expected that the signalised (temporary) connection would be constructed by mid-2022 and that the full length of the new road would be opened to traffic following completion of the required TRO, which would potentially be in Summer 2022.
- 11.2. This report indicates that the completion of the signalised connection is now anticipated in Autumn 2022 at the earliest. It would appear that this delay stems from the need for designs to be amended to reflect points raised as part of the Stage 2 Road Safety Audit.
- 11.3. Table 1 sets out the majority of the milestones which need to be achieved to enable the opening of the full length of the new road and the risks associated with each of these actions. There are still a number of outstanding approvals and TROs which need to be completed before the signalised connection can be constructed and the new road opened to traffic, however, milestones for each of these elements have been provided and progress against these milestones will be reported at future Board meetings.
- 11.4. Some further details on the milestones and timings of delivery were sought for inclusion in this update to Board, including an update on the timings for the public consultation on the prohibition of parking on Whitworth Road. It has now been advised that informal consultation has been carried out but that statutory and public consultation is still to be completed. Once Sea Change Sussex provide the required documentation, East Sussex County Council will commence the consultation which will take three weeks, with the total process expected to take six weeks if there are no objections, or eight weeks if objections are received.
- 11.5. It is noted within the report that progress towards delivering the permanent (roundabout) connection with the A21 has been put on hold whilst Sea Change Sussex and East Sussex County Council focus on implementing the signalised connection and ensuring that the full length of the new road can be opened to all traffic. Whilst this approach may accelerate the delivery of the temporary connection, it has an associated negative impact on the timeline for any CPO which may need to be progressed to enable the acquisition of the remaining required land, if the permanent connection is to be delivered as set out in previous updates to the Board.
- 11.6. In Section 6.5 of this report, it indicates that consideration will be given to the potential for the signalised connection to be retained as a long-term solution, rather than being used as a temporary option whilst the permanent (roundabout) solution is progressed. The performance of the signalised connection will be monitored for up to 6 months following completion of the works to establish whether it satisfactorily mitigates the identified traffic issues or if further works are required.
- 11.7. If, after due consideration, it is believed that the signalised connection is a viable option which will deliver the benefits outlined within the Business Case, a formal Change Request will need to be brought forward for Board consideration. In light of the time that has passed since the submission of the original Business Case (February 2015), the Change Request

will need to revisit the benefits offered by the scheme and provide assurances that the Project continues to offer High value for money. There is a requirement for this Change Request to be considered by the Independent Technical Evaluator in advance of any decision by the Board to endorse the change in approach. It is currently anticipated that should a Change Request be required, that it will be brought forward for Board consideration in July 2023 (this was previously reported to be February 2023 but has been delayed to reflect the later completion date provided in this report).

- 11.8. Finally, as indicated in the Business Case, the completed project will provide access to designated employment development sites within the Bexhill Hastings Growth Corridor which would otherwise not be brought forward. Specifically, the Project opens up the development potential of key sites south of The Ridge, with capacity for up to 12,000sqm of employment floorspace.
- 11.9. According to the Business Case, the development of these key employment sites will facilitate the creation of 900 new jobs, with the first jobs originally expected to be realised in 2018/19, on the assumption that the road would be open in November 2016. These jobs will not be created directly through the LGF investment and are therefore considered to be indirect benefits of the Project.
- 11.10. The direct benefits of the Project include reduced congestion on The Ridge, improved traffic flows on the A21 and the creation of new construction jobs. To date, reporting provided by East Sussex County Council indicates that 36 of the potential 42 construction jobs have been created as a result of the Project.
- 11.11. The delay in completing the final section of the Project presents a risk to the realisation of some of these benefits. The connection with the A21 is critical to ensure that the levels of congestion are reduced. It is expected that the completion of the signalised connection and the opening of the full length of the new road, will allow the immediate realisation of the anticipated traffic benefits and it is expected that these benefits will continue to be felt over a 15 year period.
- 11.12. It is noted that, due to the delays in completing the connection with the A21, the employment benefits will not be realised in accordance with the profile set out in the Project Business Case which indicated initial job creation in 2018/19.
- 11.13. Access to the employment land was unlocked in 2019, when the roundabout in the middle of the new road was completed. However, the realisation of the stated indirect employment benefits is entirely dependent upon this land being brought forward for commercial development, which is outside the scope of the Project, and therefore it is not currently possible to give an indication as to when the expected new jobs will be created. As a result, an updated profile for the new jobs has not been provided in this report. Further updates on the expected timeline for realisation of the employment benefits will be provided at future Board meetings. The completion of the signalised connection and the opening of the full length of the new road may increase the attractiveness of the available land.
- 11.14. It should be noted that if it is not possible to deliver the final connection with the A21 as set out within this report, that steps may be taken by the Board and Essex County Council (as the Accountable Body for SELEP) Page 148 of 241 to secure the £10m LGF allocation to the Project from East Sussex County Council under the terms of the SLA which is in place.

12. Financial Implications (Accountable Body Comments)

- 12.1. There continues to be a number of challenges to completion of the Project, albeit that the full £10m LGF allocation has already been spent supporting delivery; this presents risks to the Board on assuring delivery of the expected outcomes, particularly given the slippage experienced to date.
- 12.2. Further slippage has been reported in delivery of both solutions since the last update provided in February 2022: The Signalised Connection (formerly referenced as the Temporary Solution) is now anticipated to be open to traffic in Autumn 2022 (subject to the outstanding approvals and dependencies identified, including the TRO with East Sussex County Council and the statutory and public consultations). This update reflects a delay from the previously reported opening date of Summer 2022 and whilst the reasons for this slippage are set out, the timescales for addressing the new design requirements for the Road Safety Audit approval is unclear; this places a risk of further slippage on the remaining milestones which are dependent on receiving the stage 2 Road Safety Approval. The Board may want to consider requesting confirmation from East Sussex County Council on how they are holding Sea Change Sussex to account to ensure that they are actioning the required deliverables in line with the updated timelines, in order to mitigate against further slippage.
- 12.3. Delivery of the roundabout for the permanent solution is now proposed to be subject to a review of the Signalised Connection to determine if this is still required to deliver the planned benefits of the Project; the indicative timeline for this assessment is 6 months post opening of the road. Land acquisition and planning permissions are still required to complete the permanent connection, which will extend the timelines for delivery by a further 6 to 18 months from late 2022.
- 12.4. The remaining costs of the Project are to be met by the delivery Partner, Sea Change Sussex; East Sussex County Council have sought assurances from Sea Change Sussex that they have sufficient funding in place to meet the estimated costs, to complete the Project.
- 12.5. Essex County Council, as the Accountable Body, is responsible for ensuring that the LGF funding is utilised in accordance with the conditions set out by Government for use of the Grant.
- 12.6. All LGF was transferred to East Sussex County Council, as the Project's Lead Authority, under the terms of a Funding Agreement or SLA which makes clear that funding can only be used in line with the agreed terms. It is also clear that ensuring sufficient funding is available to support delivery of the Project is the responsibility of East Sussex County Council.
- 12.7. The Agreements also set out the circumstances under which funding may have to be repaid should it not be utilised in line with the conditions of the grant or in accordance with the Decisions of the Board.
- 12.8. Should it not be possible, for example, to deliver the final section of the road to enable the full realisation of the benefits set out within the Project Business Case, there is a risk that the Project may no longer meet the conditions of the Funding Agreement. In these

Queensway Gateway Road LGF Project Update

circumstances, the Board may consider recovering some, or all, of the £10m LGF allocated to the Project.

- 12.9. To monitor the on-going risks associated with this Project, the Board is advised to keep delivery progress under review and to take this into account with regard to any further decisions made in this respect. Further, ongoing effective monitoring of delivery and understanding of the risks along with proposed mitigations is essential for the Board, due to the current uncertain economic climate and increasing inflation, together with ongoing impacts experienced following Covid-19 pandemic and Brexit.

13. Legal Implications (Accountable Body Comments)

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

14. Equality and Diversity implications (Accountable Body Comments)

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

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

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

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

15. List of Appendices

- 15.1. Appendix A - LGF Project Background Information


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

Role	Date
Accountable Body sign off	
Stephanie Mitchener	19/05/2022

Queensway Gateway Road LGF Project Update

(On behalf of Nicole Wood, S151 Officer, Essex County Council)	
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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 – initial award March 2015
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 facilitate access to employment sites to the north and south.</p>  <p>The road will connect the Combe Valley Way (formerly known as the Bexhill Hastings Link Road) via Queensway to the A21, redistributing traffic from Combe Valley Way and The Ridge heading towards the A21. The opening of the Combe Valley Way changed the balance of traffic movements in the Hastings and Bexhill area, and has resulted in increased traffic volumes along the Ridge and Queensway. By relieving congestion, the Queensway Gateway Road will improve strategic connectivity in the Bexhill Hastings</p>

	<p>Growth Corridor, improving employment development potential in Queensway and employment and housing growth potential in North Bexhill.</p> <p>The key objectives of the project are:</p> <ul style="list-style-type: none"> • 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 and was opened for access to local businesses only.</p> <p>The final section of the road, to connect the already completed sections with the A21, requires the purchase of remaining properties on the route. These acquisitions are under negotiation, however, there is currently no clear timeline as to when the acquisitions will be completed either through negotiation or potentially through a Compulsory Purchase Order. This issue has delayed the completion of the Project and is identified as a significant risk to delivery.</p> <p>An alternative signalised connection with the A21 is being progressed to allow use of the new road as a through route, whilst land acquisition negotiations continue.</p>
Link to Project page on the website with full Business Case and links to any	<p>https://www.southeastlepp.com/project/queensway-gateway-road/</p> <p>Funding decision (note: original LGF allocation to the project was £15m):</p>

<p>previous decisions by Accountability Board and/or Strategic Board</p>	<p>https://www.southeastlep.com/app/uploads/2018/06/Minutes-SELEP-Board-20th-March-2015-V3.pdf</p> <p>Project changes:</p> <p>https://www.southeastlep.com/app/uploads/2020/08/Accountability-Board-Summary-of-Decisions-23.02.18.pdf</p>
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Report title: LGF additional funding awards	
Report to: Accountability Board	
Report author: Howard Davies, SELEP Capital Programme Officer	
Meeting date: 27 May 2022	For: Decision
Enquiries to: howard.davies@southeastlep.com	
SELEP Partner Authority affected: Essex, Kent, Southend and Thurrock	

1. Purpose of report

- 1.1. The purpose of this report is for the Accountability Board (the Board) to consider the reallocation of Local Growth Fund (LGF) funding, currently allocated to a completed project, to a project on the pipeline. The report also considers the removal of a project from the LGF prioritised project pipeline.
- 1.2. Unless additional LGF funding, in excess of that referenced above, becomes available during the course of the meeting as a result of decisions taken by the Board, the remainder of the report will not be considered. If additional LGF funding becomes available, the Board will be asked to consider the award of the funding to projects remaining on the LGF prioritised project pipeline.

2. Recommendations

- 2.1. The Board is asked to:

- 2.1.1. **Agree** the award of an additional £0.207m LGF to the Southend Airport Business Park project (Part A).
- 2.1.2. **Agree** the removal of the A127 Essential Maintenance/The Bell Part B project from the LGF project pipeline.

Decisions subject to release of additional LGF funding:

- 2.1.3. **Note** that the award of additional LGF funding to the projects outlined in this report will only be considered if further funding becomes available as a result of decisions taken by the Board during the course of this meeting.
- 2.1.4. **Agree** that the A13 Widening Project as set out in Appendix D meets the conditions for LGF spend beyond 30 September 2021, subject to Strategic Board endorsement in June 2022.
- 2.1.5. **Agree** the award of additional LGF to the following projects in the order they appear on the LGF COVID-19 response fund prioritised project pipeline, subject to sufficient LGF funding being returned to the SELEP Accountable Body for reallocation:

LGF additional funding awards

- 2.1.5.1. Southend Airport Business Park - Part A - **£320,483**
- 2.1.5.2. Southend Airport Business Park - Part B - **£500,000**
- 2.1.5.3. Southend Airport Business Park - Part C - **£500,000**
- 2.1.5.4. University of Essex Parkside - Phase 3 - **£1.65m**
- 2.1.5.5. A13 Widening - Part B - **£1m**

3. Background

- 3.1. In December 2020 SELEP Ltd agreed a new pipeline of LGF projects, which included a total of 20 projects. The first ten projects which were prioritised for additional LGF have been awarded funding.
- 3.2. A further three projects were awarded a total of £623,389 of LGF at the September 2021 Board meeting:
 - 3.2.1. Kent and Medway EDGE Hub Project £322,872
 - 3.2.2. Mercury Rising, Colchester £228,000
 - 3.2.3. Southend Airport Business Park Part A (part funded) £72,517
- 3.3. Southend Airport Business Park Part A received part of its funding request and remains on the pipeline.
- 3.4. The total value of the LGF ask for the remaining projects is £5.177 million. This figure does not include the return of the £0.207m from the A127 Essential maintenance/The Bell Part A to the LGF pipeline, which will reduce the total LGF project pipeline to £4.970m.
- 3.5. The pipeline of LGF projects was established to provide the opportunity for existing LGF projects, which were struggling with cost increases or reduced local funding contributions due to the impact of COVID-19 or Brexit, to seek additional LGF funding.
- 3.6. For projects to be considered for additional LGF, scheme promoters were required to demonstrate:
 - 3.6.1. a legitimate case for why additional public sector investment was required in the project;
 - 3.6.2. that the project remained a strategic priority in supporting the COVID-19 economic recovery and/or in addressing the challenges presented by Brexit;
 - 3.6.3. that the project continued to present high value for money; and
 - 3.6.4. that if additional funding was awarded to the project, that the project was in a strong position to proceed to delivery, with no substantial delivery risks.
- 3.7. The requests for additional funding for the remaining projects on the pipeline, except for the Dartford Town Centre project, have been submitted for review by the Independent Technical Evaluator (ITE) to allow the following decisions to be taken if and when any additional LGF funding becomes available.

LGF additional funding awards

- 3.8. All project scheme promoters have confirmed that any part of the total amount requested will be able to deliver all or part of the benefits projected by the Business Case.
- 3.9. Board members are asked to note that the projects on the LGF COVID-19 response fund prioritised project pipeline are projects that are in a position to deliver benefits in a short space of time should the funding become available to support them.

4. Award of Funding and amendments to the prioritised project pipeline

- 4.1. The A127 Essential Maintenance/The Bell Part A project was prioritised for the award of additional LGF funding by the Strategic Board in December 2020 and the award of £0.207m LGF was approved by the Board in February 2021.
- 4.2. Southend-on-Sea City Council have now confirmed that the A127 Essential Maintenance project has been completed and that the additional £0.207m LGF funding awarded to support the delivery of the project is no longer required. The Board are asked to agree the removal of this funding from the project under Agenda Item 7 at this meeting.
- 4.3. The Southend Airport Business Park Part A project is currently at the top of the prioritised project pipeline. The Board are therefore asked to agree that the funding removed from the A127 Essential Maintenance/The Bell Part A project is awarded to the Southend Airport Business Park Part A project to support ongoing project delivery.
- 4.4. The £0.207m LGF was issued to Southend-on-Sea City Council in March 2021 and continues to be held in their accounts. As the Southend Airport Business Park project is also being led by Southend-on-Sea City Council, there is no requirement for the funding to be returned to Essex County Council (as the Accountable Body for SELEP). However, a Variation Agreement which formalises the transfer of the funding from the A127 Essential Maintenance project to the Southend Airport Business Park project must be completed before the funding can be spent on project delivery. This Variation Agreement will be prepared immediately following this Board meeting, should the Board agree the recommendation at 2.1.1.
- 4.5. The A127 Essential Maintenance/The Bell additional LGF funding request was split into two parts – Part A for which funding had been awarded as set out above and Part B which remains on the pipeline. Given that the project has now been completed, the Board are asked to agree that the A127 Essential Maintenance/The Bell Part B, which had requested £0.393m additional LGF funding, is removed from the prioritised LGF project pipeline.

5. Update on Remaining Projects on the LGF Pipeline

- 5.1. It is not known if any additional LGF funding will become available for reallocation at this meeting. However, if the Board decide to remove LGF from existing projects during the meeting reallocation of this funding will be in accordance with the agreed pipeline shown in Appendix C.
- 5.2. Table 1 below shows the projects remaining on the LGF project pipeline, including details of the current LGF allocation and the additional LGF ask. Further information on the projects and the reasons behind the need for additional funding can be found in Appendix B.
- 5.3. Table 1 has been updated to reflect the allocation of £0.207m additional LGF to the Southend Airport Business Park – Part A project as set out in Section 4 of this report.

LGF additional funding awards

Should the Board choose not to agree the award of additional funding to the project, the additional LGF funding requested to support the Southend Airport Business Park – Part A project will increase to £0.527m.

Table 1 – Remaining projects on the LGF pipeline

LGF Project Pipeline				
Project name	Current LGF Allocation £m	Additional LGF requested £m	Total LGF £m	Cumulative total funding ask £m
Southend Airport Business Park - Part A*	23.163	0.320	23.483	0.320
Southend Airport Business Park - Part B		0.500	23.983	0.820
Southend Airport Business Park - Part C		0.500	24.483	1.320
Parkside Phase 3	5.000	1.650	6.650	2.970
A13 Widening - Part B	81.500	1.000	82.500	3.970
Dartford Town Centre Improvements **	4.300	1.000	5.300	4.970
Total	4.970	4.970	118.933	
*subject to the Board agreeing to reallocate funding to this project at this meeting				
**subject to submission of an updated Business Case and completion of a review by the ITE				

- 5.4. As reported under Agenda Item 8, the A13 Widening Project is now nearing completion and therefore discussions on the requirement for further funding are ongoing with Thurrock Council. Should the project no longer require this additional funding, the Board will be asked to agree the removal of the project from the pipeline in July 2022.
- 5.5. The projects detailed in this report have previously provided updated versions of their applications for additional LGF funding, and each local authority has confirmed that this information is still valid and up to date. Each of the projects have confirmed that the information provided is still up to date for this meeting. These applications have been reviewed by the ITE to ensure the projects continue to present High value for money, based on their original Business Case and the additional funding ask.
- 5.6. The outcome of the ITE review is set out in Appendix A as attached to Agenda Item 6.
- 5.7. It should be noted that a revised economic appraisal was undertaken for the A13 Widening project as part of its application for additional LGF funding. This assessment demonstrated that the BCR for the project itself had reduced to 1.7:1, which no longer represents High value for money. However, it was also noted by the ITE that an additional scenario which considered the impacts of the Lower Thames Crossing had been provided. This assessment demonstrated a BCR of 2.5:1, which represents High value for money. The Board are therefore asked to consider the fact that the A13 Widening Scheme no longer offers High value for money in isolation, however, when considered in conjunction with the Lower Thames Crossing, High value for money is maintained.
- 5.8. All projects listed in Table 1, with the exception of the Dartford Town Centre Improvements project, are considered to still present High value for money with a High level of certainty, subject to consideration of the points raised above with regard to the A13 Widening project.
- 5.9. No concerns have been raised about the deliverability of the projects on the pipeline, as local partners plan to meet the increase in project costs, if no further funding becomes available through this mechanism. These projects will remain under review and risks to the delivery of the projects will be brought to the Board's attention.

LGF additional funding awards

- 5.10. The project information provided in Appendix B includes details on project specific risks. In addition to these risks, it should be noted that clearly none of the projects considered within this report will be able to spend any additional LGF funding awarded at this meeting prior to the end of September 2021. As a result, information has been provided in Appendix D which sets out how the A13 Widening project meets the conditions previously agreed by the Board for LGF spend beyond 30 September 2021.
- 5.11. The University of Essex - Parkside 3 and the Southend Airport Business Park Projects already have approval from both the Board and Strategic Board for LGF spend beyond 30 September 2021.
- 5.12. The Board are asked to consider whether the A13 Widening project, as set out in this report, meets the conditions previously agreed by the Board for LGF spend beyond 30 September 2021, before agreeing the reallocation of any funding that may become available during the course of this meeting. The Board are advised that any award of additional LGF funding to this project will be subject to the outcome of ongoing conversations with Thurrock Council regarding the need for further LGF funding given the imminent completion of the project. Strategic Board endorsement for LGF spend beyond September 2021 will be sought in June 2022 should the A13 Widening project be awarded any additional funding at this meeting.
- 5.13. If the value of LGF returned for reallocation at this meeting exceeds the value of LGF being sought by the projects in Table 1 then initial proposals on the approach to allocating the remaining funding will be presented to the Strategic Board in June 2022.
- 5.14. Transfer of any available funding to the Upper Tier Local Authorities responsible for the projects identified in this report is dependent upon return of the removed LGF allocations to Essex County Council, as the Accountable Body for SELEP. In addition, variation agreements will need to be put in place to address any changes in LGF allocation.
- 5.15. If allocations are not available for all projects, the pipeline will be maintained in case further LGF funding becomes available for reallocation. Those projects in the pipeline will be brought forward for approval as and when allocations become available.

Southend Airport Business Park Part A, B & C

- 5.16. The request for additional LGF investment is in three parts:
- 5.16.1. Part A - £320,483 (Original ask £600,000 - £72,517 awarded in September 2021 and the award of a further £207,000 to be considered by the Board as part of this report) – this funding has been sought 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.
- 5.16.2. Part B - £500,000 - the fundamentals of the project remain as relevant in today's COVID climate as they were at the time of the initial LGF 2018 funding award. Greater knowledge of on-plot costs related to ground conditions and site levels are impacting development viability. The fallback position is Southend-on-Sea City Council investment via reduction in land values.

LGF additional funding awards

5.16.3. Part C - £500,000 - although the site remained open during the Q1 2020/21 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 had been closed due to the COVID-19 pandemic.

5.17. Part A The Launchpad will be handed over to Southend-on-Sea City Council in July 2022, the building will then be handed over to Oxford Innovation, the managing agent, whereupon a 6 month mobilisation period will come into effect. Occupants will start to move in from 2023.

5.18. Further information is provided in Appendix B1.

University of Essex Parkside 3

5.19. £1.65m additional LGF investment is needed to help cover increased contractor costs due to inflation and additional design costs that will ensure Parkside 3 has the flexibility in design to adapt to changing market conditions. Further Information is provided in Appendix B2.

A13 Widening

5.20. 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 of £1m would help to reduce these pressures for Thurrock Council.

5.21. Further information is provided in Appendix B3.

Dartford Town Centre

5.22. During the development of the LGF prioritised project pipeline a value for money risk was identified in relation to the Dartford Town Centre project. At the time of the original LGF funding award, the Benefit Cost Ratio (BCR) for the project was calculated to be 2.2:1 and it was expected that, as a result of the additional £1m LGF sought, this would potentially fall to around the 2:1 threshold. Due to this risk, and to ensure compliance with the SELEP Assurance Framework, it was noted that there was a requirement for an updated Business Case to be submitted for the Dartford Town Centre project if the additional LGF funding sought to deliver the project became available. Due to the project being positioned at the bottom of the LGF project pipeline, work on a revised Business Case has not been taken forward to date.

5.23. In the meantime, delivery of the project has continued with the initial works (Phase 1) completed in September 2020. Construction of Phase 1a of the project completed in January 2022 and work is progressing to bring forward the later phases of the project. Alternative funding has been secured to enable delivery of the later phases of the project, however until all phases of the project have been fully costed, the project will remain on the LGF prioritised project pipeline.

6. Financial Implications (Accountable Body comments)

- 6.1. This report is being presented at this meeting, conditional on additional LGF becoming available for reallocation, as a result of previous agenda items.
- 6.2. Essex County Council, as the Accountable Body, is responsible for ensuring that the LGF funding is utilised in accordance with the conditions set out by Government for use of the Grant.
- 6.3. All LGF is transferred to the Project Lead Authorities, under the terms of a Funding Agreement or SLA which makes clear that funding can only be made available when the 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.
- 6.4. The Agreements also set out the circumstances under which funding may have to be repaid should it not be utilised in line with the conditions of the grant or in accordance with the Decisions of the Board.
- 6.5. Should the Board approve the award of LGF to specific pipeline projects in this report, a Variation Agreement to the current SLAs will be put in place to include each project LGF allocation.
- 6.6. The transfer of LGF to each Lead Authority will be subject to the Variation Agreements being in place.
- 6.7. As referenced in Appendix item 7, LGF update report, the Board will continue to receive project update reports which include any award of additional LGF funding, to enable them to effectively monitor the progress of the LGF projects in order to provide assurance of delivery in line with the agreed business cases. Due to current economic uncertainty coupled with increasing inflation and the continued impacts of Brexit and Covid-19, the risk to project delivery is increased.

7. Legal Implications (Accountable Body comments)

- 7.1. If additional LGF funding becomes available for reallocation and is reallocated, as set out in this report, 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.
- 7.2. The LGF must be administered in accordance with the terms of the Grant Determination Letter between the Accountable Body and Central Government, and used in accordance with the terms of the Service Level Agreement between the Accountable Body, local authorities and SELEP Ltd.

Page 161 of 241

8. Equality and Diversity Implications

UPDATED PAGE NUMBER (ignore above)

Page 216 of 296

LGF additional funding awards

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

9. List of Appendices

- 9.1. Appendix A – Report of the Independent Technical Evaluator (as attached to Agenda Item 6)
- 9.2. Appendix B – Project Background Information
- 9.3. Appendix C – LGF Project Pipeline
- 9.4. Appendix D – Evidence of compliance with conditions for LGF spend beyond 30 September 2021

10. List of Background Papers

- 10.1. [Southend Airport Business Park Project webpage](#)
- 10.2. [University of Essex Parkside - Phase 3 Project webpage](#)
- 10.3. [A13 Widening Project webpage](#)

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

Role	Date
Accountable Body sign off Stephanie Mitchener	19/05/2022

LGF additional funding awards

(on behalf of Nicole Wood, S151 Officer, Essex County Council)	
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Appendix B1 – Local Growth Fund Project Background Information

Name of Project	Southend Airport Business Park Southend-on-Sea City Council
Description of what Project delivers	<p>The project delivers a business park which will support the continued growth of London Southend Airport and its associated activities as a key economic asset and addressing the current lack of availability of high quality employment land and premises in the area.</p> <p>Phase 1 – Delivered the infrastructure work including provision of both off-site and on-site infrastructure requirements and a new rugby club house and pitches (including parking and access road). Moving the rugby club freed the site for development.</p> <p>Phase 2 - Development of the Airport Business Park. The second phase includes construction of an Innovation Centre (The Launchpad), internal road construction, cycleway infrastructure, ground preparation and provision of site utilities.</p>
Case for additional LGF funding	<p>Application A - £320,483 (Request £600,000, £72,517 already awarded and a further £207,000 due to be considered at this meeting). The Southend Airport Business Park project includes the construction of an innovation centre, The Launchpad. This will provide high quality and environmentally sustainable physical accommodation for new business start-ups and small businesses. The timing of the construction of The Launchpad provided Southend-on-Sea City Council with an opportunity to respond to lessons learned during the pandemic and build in virus resilience measures which provide 'safe space' for SMEs to continue operations in future pandemic scenarios. These measures will allow The Launchpad to secure the WELL Building Standard which measures attributes of buildings that impact occupant health. This certification marks the centre as a really desirable location for businesses as they look to strengthen their COVID resilience going forward. The accreditation acts as a significant tool in marketing the centre and in ensuring that the project benefits are realised. At present these additional measures are outside of the budget for the building's construction and additional LGF would allow them to be implemented.</p> <p>Application B - £500,000. The fundamentals of the project remain as relevant in today's COVID climate as they were at the time of the initial LGF 2018 funding award. Greater knowledge of on-plot costs related to ground conditions and site levels are impacting development viability. The fallback position is Southend-on-Sea City Council investment via reduction in land values.</p> <p>Application C - £500,000 - Although the site remained open during the Q1 2020/21 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</p>

	sites which have been closed due to the COVID-19 pandemic.																																																																																											
Project benefits	<p>The overall benefits of the entire project are:</p> <p>(1) 3,669sqm (GIA) Innovation Centre delivered;</p> <p>(2) 63,000sqm of new commercial floorspace as part of Phase 2 of project;</p> <p>(3) 2,600 new jobs as a result of project.</p>																																																																																											
Financial Information	<p>Original LGF allocation: £23.09m Additional LGF allocated (10 September 2021 Board meeting) £72,517 Additional award of £207,000 due to be considered at this meeting.</p> <p>Additional LGF funding requested: Part A - £0.320m, Part B - £0.500m, Part C - £0.500m. Total £1.6m (including additional funding already awarded). The Board are asked to consider the award of Parts A, B or C dependent on the level of funding that may become available.</p> <p>The total capital cost of the Project is £32.670m.</p> <p>Project spend profile:</p> <table><tr><th colspan="7">Original project spend profile (£m)</th></tr><tr><th>Funding sources</th><th>Up to 2017/18</th><th>2018/19</th><th>2019/20</th><th>2020/21</th><th>2021/22</th><th>Total</th></tr><tr><td>Local Growth Fund (LGF)</td><td>4.442</td><td>4.471</td><td>11.642</td><td>2.535</td><td>-</td><td>23.090</td></tr><tr><td>Southend-on-Sea CC</td><td>0.957</td><td>0.116</td><td>0.116</td><td>4.751</td><td>2.040</td><td>7.980</td></tr><tr><td>Total</td><td>5.399</td><td>4.587</td><td>11.758</td><td>7.286</td><td>2.040</td><td>31.070</td></tr></table> <table><tr><th colspan="8">Revised project spend profile (£m)</th></tr><tr><th>Funding sources</th><th>Up to 2017/18</th><th>2018/19</th><th>2019/20</th><th>2020/21</th><th>2021/22</th><th>2022/23</th><th>Total</th></tr><tr><td>Local Growth Fund (LGF)</td><td>4.442</td><td>4.127</td><td>10.234</td><td>1.454</td><td>2.833</td><td></td><td>23.090</td></tr><tr><td>Additional LGF allocated to date</td><td></td><td></td><td></td><td></td><td>0.073</td><td>0.207¹</td><td>0.280</td></tr><tr><td>Additional LGF</td><td></td><td></td><td></td><td></td><td></td><td>1.320</td><td>1.320</td></tr><tr><td>Southend-on-Sea CC</td><td>0.957</td><td>0.103</td><td></td><td></td><td>6.920</td><td></td><td>7.980</td></tr><tr><td>Total</td><td>5.399</td><td>4.230</td><td>10.234</td><td>1.454</td><td>9.826</td><td>1.527</td><td>32.670</td></tr></table> <p>¹subject to approval at this meeting * Assumes that Part A, B and C of the additional LGF funding requested will be contributed by Southend-on-Sea City Council if the additional LGF funding is not awarded.</p>	Original project spend profile (£m)							Funding sources	Up to 2017/18	2018/19	2019/20	2020/21	2021/22	Total	Local Growth Fund (LGF)	4.442	4.471	11.642	2.535	-	23.090	Southend-on-Sea CC	0.957	0.116	0.116	4.751	2.040	7.980	Total	5.399	4.587	11.758	7.286	2.040	31.070	Revised project spend profile (£m)								Funding sources	Up to 2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	Total	Local Growth Fund (LGF)	4.442	4.127	10.234	1.454	2.833		23.090	Additional LGF allocated to date					0.073	0.207 ¹	0.280	Additional LGF						1.320	1.320	Southend-on-Sea CC	0.957	0.103			6.920		7.980	Total	5.399	4.230	10.234	1.454	9.826	1.527	32.670
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Page 165 of 241

Risks to project delivery	The residual risk of the fully enabled site, after the successful relocation of Westcliff Rugby Club made possible by the original LGF award, is development viability at plot level mainly as a consequence of (i) ground conditions and (ii) site plot levels.
Outcome of ITE Review	The project continues to represent High value for money with a High certainty of achieving this. Further information can be found in the Report of the Independent Technical Evaluator (Appendix B as attached to Agenda Item 6)
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>

Appendix B2 – Local Growth Fund Project Background Information

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

	Project spend profile:							
	Original project spend profile (£m)							
	Funding sources	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	Total
	University of Essex	0.450	1.321	1.500	2.229	0.000	0.000	5.500
	LGF	0.000	0.000	5.000	0.000	0.000	0.000	5.000
	Total	0.450	1.321	6.500	2.229	0.000	0.000	10.500
	Revised project spend profile (£m)							
	Funding sources	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	Total
	University of Essex	0.280	0.440	0.870	0.440	2.330	1.140	5.500
	LGF	0.000	0.000	0.000	0.499	4.501	0.0	5.000
	Additional LGF	0.000	0.000	0.000	0.000	0.250	1.400	1.650
	Total	0.280	0.440	0.870	0.939	7.081	2.540	12.150
Risks to project delivery	<ul style="list-style-type: none">• Tenant led changes as a result of a pre-let could affect project;• Changes in scope that require the development to align with market demands, for example higher levels of internal fit out for multiple tenants, necessitating additional design works and costs which will negatively impact upon project time/scope/cost;• COVID-19 pandemic negatively affecting the project timetable.							
Outcome of ITE Review	<p>The additional funding increases the cost of the project from £10.5m to £12.15m. The BCR remains above 2:1 and therefore offers High value for money with a High certainty of achieving this.</p> <p>Further information can be found in the Report of the Independent Technical Evaluator (Appendix B as attached to Agenda Item 6).</p>							
Evidenced compliance with Assurance Framework?	Yes, the project does meet the requirements of the SELEP Assurance Framework.							
Link to Project webpage, application for additional LGF funding and Strategic Board decision	<p>Project page: https://www.southeastlep.com/project/university-of-essex-parkside-phase-3-colchester/</p> <p>Application for additional LGF funding: https://www.southeastlep.com/app/uploads/2020/10/Parkside-3-additional-LGF-Application.pdf</p> <p>Strategic Board decision to prioritise project for receipt of additional LGF funding: https://www.southeastlep.com/app/uploads/2019/11/Strategic-Board-Dec-2020-Draft-Minutes.pdf</p>							

Appendix B3 – 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> <p>Whilst the main construction works are expected to complete in late May 2022, the road was opened to traffic in early May 2022 (subject to application of reduced speed limits). Any award of additional LGF funding to this project will be subject to the outcome of ongoing conversations with Thurrock Council regarding the need for further LGF funding given the imminent completion of the project.</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>An additional £1.5m LGF has already been awarded to support delivery of the Project through the LGF project pipeline. Therefore, the total LGF allocation to the Project will increase to £82.5m if the additional £1m LGF is awarded.</p> <p>Additional project information can be viewed in the High Risk Project Update Report (Agenda Item 8)</p>
Risks to project delivery	<p>Risks to project delivery are minimal as the main package of works is due to complete in late May 2022, with the road now open to traffic. There will be a need for further off-highway works to be completed after May 2022, and it is expected that these will be complete by Summer 2022. Although as set out in the report planting may be completed later in the year (Autumn 2022).</p>
Outcome of ITE Review	<p>The updated value for money assessment provided by Thurrock Council indicates that the BCR for the project has reduced to 1.7:1 which falls within the Medium value for money category.</p>

	<p>An additional scenario which considers the benefits of the scheme with the impacts of the Lower Thames Crossing included has also been provided. In this scenario the project has a BCR of 2.5:1 which falls within the High value for money category.</p> <p>The ITE has highlighted that the Board should consider that the scheme on its own does not represent High value for money.</p> <p>Further detail can be found in the Report of the Independent Technical Evaluator (Appendix B as attached to Agenda Item 6).</p>
Evidenced compliance with Assurance Framework?	<p>The project does not meet the requirements of the SELEP Assurance Framework when considered in isolation as the BCR for the scheme itself falls below 2:1. However, when the impacts of the Lower Thames Crossing are considered, the BCR rises to 2.5:1. National Highways are committed to delivering the Lower Thames Crossing and therefore it seems reasonable to include the impacts of the scheme in the BCR calculations. As a result, the project is considered to comply with the Assurance Framework.</p>
Link to Project webpage, application for additional LGF funding and Strategic Board decision	<p>Project page: https://www.southeastlep.com/project/a13-widening/</p> <p>Strategic Board decision to prioritise project for receipt of additional LGF funding: https://www.southeastlep.com/app/uploads/2019/11/Strategic-Board-Dec-2020-Draft-Minutes.pdf</p>

Appendix C – LGF pipeline, as at 27 May 2022

Project Name	Current LGF Allocation (£m)	Additional LGF Requested (£m)
Southend Airport Business Park Part A*	23.163	0.320
Southend Airport Business Park Part B		0.500
Southend Airport Business Park Part C		0.500
Parkside Phase 2	5.000	1.650
A13 Widening Part B	81.500	1.000
Dartford Town Centre Improvements**	4.300	1.000
Total	113.963	4.970

*subject to the Board agreeing to allocate funding to the project during this meeting

**subject to submission of a Business Case and completion of a review by the ITE

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

Name of Project	A13 Widening Thurrock Council
Evidence of compliance with conditions previously agreed by the Board	<p>A clear delivery plan with specific delivery milestones and completion date</p> <p>If additional LGF funding is awarded, this will contribute towards the construction costs of the ongoing A13 widening works. The construction works to the main highway are expected to be completed in late May 2022, but off highway works will continue until Summer 2022.</p> <p>A direct link to the delivery of jobs, homes or improved skills levels within the SELEP area</p> <p>Both residential and commercial development along the A13 corridor is constrained by the limited capacity of the strategic road network, including the dual carriageway section of the A13. The Project provides additional capacity on the A13, thereby enabling key development sites to come forward.</p> <p>The Project is expected to contribute towards the delivery of 4,000 new jobs and 3,000 new homes within the local area.</p> <p>All funding sources having been identified and secured to enable the delivery of the project</p> <p>Confirmation has been provided that all funding sources required to deliver the Project have been secured.</p> <p>Endorsement from the SELEP Strategic Board that the funding should be retained against the project beyond the Growth Deal period</p> <p>Endorsement from Strategic Board will be sought at the June 2022 Board meeting.</p> <p>Contractual commitments are in place with construction contractors by the end of the Growth Deal period for the delivery of the project</p> <p>Delivery of the Project is nearing completion and therefore contractual commitments are in place.</p>

Forward Plan reference numbers: FP/AB/523, FP/AB/524 and FP/AB/525

Report title: Growing Places Fund Update	
Report to: Accountability Board	
Report author: Helen Dyer, SELEP Capital Programme Manager	
Meeting date: 27 May 2022	For: Decision
Enquiries to: helen.dyer@southeastlep.com	
SELEP Partner Authority affected: All	

1. Purpose of report

- 1.1 The purpose of this report is to update the SELEP Accountability Board (the Board) on the latest position of the Growing Places Fund (GPF) Capital Programme.

2. Recommendations

- 2.1 The Board is asked to:

2.1.1 **Note** the updated position on the GPF programme.

2.1.2 **Agree** that the conditions applied to the release of the Tranche 2 funding for the Herne Relief Road – Bullockstone Road Improvement Scheme project have been met and that the remaining £1.4m can be released to Kent County Council upon completion of a variation to the existing GPF loan agreement.

2.1.3 **Agree** the removal of the Leigh Port Quay Wall (Cockle Wharf) project from the GPF project pipeline.

2.1.4 **Note** that East Sussex County Council did not receive their full loan repayment from the Eastbourne Fisherman's Under 10m Community Interest Company (CIC) in respect of the Eastbourne Fisherman's Quayside and Infrastructure Development project in 2021/22 and as a consequence defaulted on the agreed repayment schedule for the Project, repaying £0.1m of the agreed £0.25m to the Accountable Body. A revised repayment schedule for the Project will be presented at the September 2022 Board meeting.

2.1.5 **Note** that in line with the Eastbourne Fisherman's Quayside and Infrastructure Development project credit agreement between Essex County Council (as Accountable Body for SELEP) and East Sussex County Council (as the Borrower), interest will be charged at a rate of 1.99% per day on the balance of the loan being £0.825m, from the point of default 1 April 2022, to the date whereby a revision to the repayment schedule is agreed by the Board or repayment is made by

the Borrower (should this occur first). East Sussex County Council have advised that GPF repayment and any default interest charges will be made by the Eastbourne Fisherman's Under 10m CIC as per the back to back loan agreement with East Sussex County Council.

3. Background

- 3.1 In total, £45.477m GPF was made available to SELEP for investment as a recyclable loan scheme. To date, GPF has either been invested or has been allocated for investment in a total of 28 capital infrastructure projects. In addition, a proportion of GPF revenue funding was allocated to Harlow Enterprise Zone (£1.244m) and a further £1.5m was ring-fenced to support the activities of SELEP's Sector Working Groups (known as the Sector Support Fund); as agreed by the Strategic Board.
- 3.2 In June 2020, the Strategic Board took the decision to repurpose £10m of the GPF funding to enable delivery of interventions which will support economic recovery post COVID-19. Subsequent to this decision being taken by the Strategic Board, HM Government confirmed the payment of the final third of SELEP's 2020/21 LGF allocation thereby releasing the £3.6m of GPF funding which had been repurposed to underwrite the risks associated with the change in approach regarding the payment by Government of LGF funding to LEP's. This funding has now been returned to the GPF pot and has been reinvested in pipeline projects.
- 3.3 Quarterly updates are provided to the Board on the latest position of the GPF projects in terms of delivery progress, realisation of project benefits and any risks to the repayment of the GPF loans.

4. Current Position

COVID-19 Impacts

- 4.1 The impact of the COVID-19 pandemic and the associated social distancing measures and lockdowns that were introduced by Government have resulted in a severe shock to our economy. The existing GPF projects are feeling the effects and longer-term risks have been identified which may affect the delivery of the projects, the realisation of expected project benefits and the ability to repay the current GPF loans.
- 4.2 Further information regarding the effects and risks identified as a result of the COVID-19 pandemic is provided in Appendix E.
- 4.3 GPF project risks will continue to be monitored over the coming months as the wider impacts of the COVID-19 pandemic become evident. This may result in currently unidentified risks being highlighted in future Board reports.

Cash Flow Position

- 4.4 Through the latest round of GPF reporting, a significant risk to the agreed repayment schedule for the Eastbourne Fisherman's Quayside and Infrastructure Development project has been identified. At this meeting, the Board are asked to note that East Sussex County Council did not receive their full loan repayment from the Eastbourne Fisherman's Under 10m CIC in respect of the Eastbourne Fisherman's Quayside and Infrastructure Development project in 2021/22 and as a consequence defaulted on the agreed repayment schedule for the Project, repaying £0.1m of the agreed £0.25m to the Accountable Body, and to note that a proposed revised repayment schedule for the project will be presented to the September 2022 Board meeting. Further detail on the financial risk and the related mitigations and assurances are provided in Section 8 below. The GPF repayment schedules are set out in Appendix B.
- 4.5 Scheme promoters have been working to understand the impacts of COVID-19 on their projects and their intended repayment mechanism since the onset of the COVID-19 pandemic. To date, COVID-19 related revised repayment schedules have been approved by the Board in relation to ten GPF projects.
- 4.6 All forecast repayments due in 2021/22 were made by 31st March 2022, other than £0.15m owed against the Eastbourne Fisherman's Quayside and Infrastructure Development project as outlined above.
- 4.7 Table 1 below sets out the current cash flow position based on the planned GPF investment and the GPF available for re-investment through loan repayments. The cash flow is based on the assumption that the Board agree that the Herne Relief Road – Bullockstone Road Improvement Scheme project has met the funding conditions attached to the release of Tranche 2 of the funding, as set out in Section 6 of this report. Given that a revised repayment schedule has not yet been provided for the Eastbourne Fisherman's Quayside and Infrastructure Development project, it has been assumed (for the purpose of the cash flow) that the remaining balance owed against this project (£0.825m) will be repaid prior to the end of 2022/23, in accordance with the repayment schedule previously agreed by the Board.
- 4.8 Repayments forecast for 2022/23 reflect the latest repayment schedules approved by the Board.

Table 1: GPF Cash Flow Position

£	2021/22	2022/23
GPF available at the outset of year	15,817,202	13,039,744
GPF funding repurposed	-	-
GPF available for investment	15,817,202	13,039,744
GPF Round 1 planned investments	0	0
GPF Round 2 planned investments	0	0
GPF Round 3 planned investments	8,216,500	4,150,000
Position before GPF repayments are made	7,600,702	8,889,744
GPF repayments expected	5,439,042	5,620,000
Carry forward	13,039,744	14,509,744

- 4.9 As shown in Table 1 total GPF Round 3 drawdown of £4.15m is forecast for 2022/23. Sufficient GPF funding is currently being held to meet these drawdown requirements. All Round 1 and 2 GPF projects have drawn down their full allocation of funding. The drawdown schedule for the GPF programme is set out in Appendix C.
- 4.10 The remaining £4.65m GPF allocated to the GPF Round 3 projects will be drawn down between 2022/23 and 2023/24 as set out in Appendix C. This funding has been ring-fenced for investment in those projects and will therefore not be included in any funding available for reinvestment.

Growing Places Fund Round 3 Projects

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

Table 2: GPF prioritised pipeline of projects

Project	Federated Area	GPF ask (£)	GPF funding award agreed by the Board?
Green Hydrogen Generation Facility	KMEP	3,470,000	Yes – September 2020
Observer Building (Phase 1a)	TES	1,750,000	Yes – September 2020
Barnhorn Green Commercial and Health Development (Phase 1)	TES	1,750,000	Yes – February 2021

Wine Innovation Centre	KMEP	600,000	Yes – September 2020
Herne Relief Road	KMEP	3,500,000	Yes - March 2021
No Use Empty South Essex	OSE	1,000,000	Yes - March 2021
No Use Empty Commercial Phase II	KMEP	2,000,000	Yes – February 2021
Leigh Port Quay Wall (Cockle Wharf)	OSE	3,500,000	Project to be removed from pipeline
Observer Building, Hastings (Tranche 2)	TES	1,616,500	Yes – July 2021
No Use Empty Residential	KMEP	2,500,000	Yes – November 2021

- 4.12 As shown in Table 2, following the removal of the Leigh Port Quay Wall (Cockle Wharf) project as set out in Section 7 of this report, there are currently no projects remaining on the GPF project pipeline which have not yet been considered for funding approval by the Board.
- 4.13 At this time, due to the ongoing work to agree the future role of SELEP there are no plans for a new round of GPF funding to be launched. It is intended that once there is a clearer picture of the role that SELEP will play that both the Strategic Board and the Board will be asked to consider the future management of SELEP funding, including the ongoing function of the GPF.

5. Growing Places Fund Project Delivery to Date

- 5.1 A deliverability and risk update is provided for each GPF project in Appendix A.
- 5.2 The latest round of GPF reporting has highlighted a high risk with regard to the repayment of the loan issued to support the Eastbourne Fisherman's Quayside and Infrastructure Development project. Further details on this risk are set out under Section 8 of this report.
- 5.3 There are a number of medium risks (amber) identified, primarily in relation to project delivery and realisation of project outcomes. The project delivery risks predominantly relate to supply chain issues and COVID-19 related impacts on working practices. There remain concerns regarding benefit realisation due to the impact on the property market and local economy of the COVID-19 pandemic. These risks will continue to be monitored.
- 5.4 Eleven GPF projects have now been completed, with the benefits of this infrastructure investment starting to be realised. It is reported that 3,351 jobs have been delivered through investment in commercial space and new business premises, as set out in Appendix D.

- 5.5 Additional benefits are expected to be delivered through the completion of the remaining GPF projects and through the follow-on investment which has been unlocked through the infrastructure delivered with GPF investment. It is expected in many cases that there will be a time lag between spend of the GPF investment and benefit realisation due to the use of the GPF funding to enable wider development at the project location.
- 5.6 A RAG rating is being used, in Appendix D, to assess how the completed projects are progressing towards delivering the jobs and homes outcomes stated within the Business Case. To date, it can be seen that the Parkside Office Village project has exceeded the number of jobs stated within the project Business Case, and that the Eastbourne Fisherman's Quayside and Infrastructure Development project has met the forecast jobs figure for the project.
- 5.7 The North Queensway project has been completed, however, due to slower uptake of land than originally anticipated no jobs outcomes have been delivered to date. Steps are being taken by the scheme promoter to continue to market the site in order to bring forward the forecast project outcomes.
- 5.8 There are also a number of completed projects which are demonstrating progress towards meeting the outcomes defined in the Business Case but have not yet reached the forecast, including the Centre for Advanced Engineering and the Fitted Rigging House.
- 5.9 Due to the COVID-19 pandemic a number of projects have raised risks in relation to the realisation of these benefits. In most cases it is expected that the project benefits will still be realised, however, this is now likely to be over a longer time period than originally anticipated. This is for a number of reasons including extended construction programmes, likely impact on the tourism sector, uncertainty regarding the effect on the property sales and rental market and the as yet unknown long-term impact on the economy and the viability of businesses. This will continue to be monitored as scheme promoters gain a clearer understanding of the wider economic impacts of the ongoing COVID-19 pandemic, with information being sought as to the reasons for the delay in realising forecast project benefits.

6. Herne Relief Road – Bullockstone Road Improvement Scheme – satisfaction of funding conditions

- 6.1 In March 2021, the Board agreed the award of £3.5m GPF to support the delivery of the Herne Relief Road – Bullockstone Road Improvement Scheme.
- 6.2 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.

- 6.3 The Herne Relief Road – Bullockstone Road Improvement Scheme 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.
- 6.4 GPF funding was 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. It is expected that work will commence onsite to deliver the planned improvements in Summer 2022.
- 6.5 At the time of the funding decision, it was reported that the GPF loan would be repaid using S106 contributions due to be received by Kent County Council in future years in relation to two upcoming developments. Whilst the developer contribution in relation to the Lower Herne Village development was committed, it was noted that there remained some uncertainty regarding the developer contribution in relation to the Hillborough development.
- 6.6 A developer contribution from the Hillborough development had been identified, however, in September 2020 the Local Planning Authority took the decision to refuse the Hillborough planning application. An appeal had been submitted by the developer but had not been determined at the time of the funding decision. As a result of the outstanding appeal, the value of the S106 contributions and the timetable for this funding being released could not be confirmed which presented a significant GPF repayment risk against the project.
- 6.7 To mitigate this repayment risk, the Board agreed that the funding should be released in two tranches. The first tranche, £2.1m, was available to Kent County Council following the decision by the Board in March 2021. It was agreed that the second tranche, £1.4m, would only be released upon receipt of evidence of planning approval for the Hillborough development following the appeal hearing.
- 6.8 It has now been confirmed by Kent County Council that the planning appeal hearing took place between 9th and 18th March 2021 and that, following consideration of the Planning Inspectors report, the Secretary of State took the decision to allow the appeal and grant planning permission subject to conditions. The decision to award planning consent was formalised in a letter from the Department for Levelling Up, Housing and Communities which was issued on 3rd November 2021.

- 6.9 The S106 agreement in relation to the development was completed on 17th June 2021 (subject to the outcome of the planning appeal) and requires payment of the developer contributions towards the delivery of the Herne Relief Road – Bullockstone Road Improvement Scheme at the commencement of development at the site which will help to ensure timely repayment of the GPF loan.
- 6.10 The Board are therefore asked to agree that, following consideration of the information provided by Kent County Council, the conditions attached to the release of the remaining £1.4m GPF funding awarded to the project, as set out in Section 6.7 of this report, have been satisfied and that the funding can be released to Kent County Council to support project delivery following the completion of a variation to the existing GPF loan agreement.
- 7. Leigh Port Quay Wall (Cockle Wharf) – removal of project from the GPF project pipeline**
- 7.1 The Leigh Port Quay Wall (Cockle Wharf) project seeks to safeguard the cockle industry in Leigh-on-Sea through the delivery of improvements at Leigh Port. The project will involve construction of a new quay wall frontage, improvements to site access and re-surfacing of the wharf to make the port a safe place to work and visit.
- 7.2 At the outset of round 3 of the Growing Places Fund, £3.5m GPF was sought to support the Leigh Port Quay Wall project and the project was placed on the GPF project pipeline. As has previously been reported to the Board, since submission of the original Expression of Interest and Outline Business Case by Southend-on-Sea City Council, the cost of delivering the project increased from £7.7m to approximately £15m. In light of this cost increase, Southend-on-Sea City Council submitted a bid for grant funding to support the delivery of the project to the Levelling Up Fund. In October 2021, Government announced that this application for Levelling Up Fund funding has been successful. It was agreed at the November Board meeting that, whilst it was unlikely that the GPF funding would be required, the project should remain on the GPF project pipeline whilst the formalities of the Levelling Up Fund award were completed.
- 7.3 It has now been confirmed that Southend-on-Sea City Council has signed a Memorandum of Understanding with Government in relation to their Levelling Up Fund funding and therefore the Board are asked to agree the removal of the Leigh Port Quay Wall project from the GPF project pipeline. As indicated at section 4.12 of this report, this means that there will be no projects remaining on the GPF project pipeline at this time.
- 8. Eastbourne Fisherman's Quayside and Infrastructure Development project – revised repayment schedule and charging of interest**
- 8.1 The Eastbourne Fisherman's Quayside and Infrastructure Development project was awarded £1.15m GPF in December 2017. The funding was awarded to support the build of a Fisherman's Quay in Sovereign Harbour, to

develop local seafood processing infrastructure to support long term sustainable fisheries and the economic viability of Eastbourne's inshore fishing fleet. The £1.15m GPF has been paid by Essex County Council as Accountable Body to SELEP to East Sussex County Council, who have transferred this to Eastbourne Fisherman's Under 10m Community Interest Company's (CIC) to facilitate delivery of the project. East Sussex County Council require Eastbourne Fisherman's Under 10m CIC to repay the GPF loan to enable onward settlement of the loan to Essex County Council.

- 8.2 The project encountered a number of issues which significantly delayed progress. However, following resolution of these issues, work commenced onsite on 27th July 2020 and the project completed in April 2021 enabling the onsite shop to open and operation of the seafood processing infrastructure to commence.
- 8.3 The project has also been awarded £1.44m Local Growth Fund funding to support delivery of Phases 2 and 3 of the project, which includes a Visitor Centre, a base for the Eastbourne Fisherman's Under 10m CIC outreach and engagement work and storage space for fishing and landing equipment as well as a repair workshop. Phases 2 and 3 of the project completed in March 2022.
- 8.4 The original repayment schedule for Eastbourne Fisherman's Quayside and Infrastructure Development project was revised by the Board at its meeting in February 2020, September 2020 and again in July 2021. As the forthcoming ask for a revised repayment schedule will be the fourth request from this project, the decision will require Strategic Board agreement at its meeting in October 2022.
- 8.5 As reported at the February 2022 Board meeting, a repayment of £0.25m was due to be made against the project prior to the end of 2021/22. However, in March 2022, SELEP were advised by East Sussex County Council that it would only be possible for a repayment of £0.1m to be made against the project prior to the end of the financial year. This repayment was received in March 2022, leaving a balance of £0.825m owing on the loan. East Sussex County Council have advised that the situation was not reported at the February 2022 Board meeting due to delays in decision making by the Eastbourne Fisherman's Under 10m CIC during the period in which East Sussex County Council collated updates on the financial position to repay the 2021/22 instalment (including ill health experienced by a key member of the team and a further change in management during that period), which resulted in late notification of the default payment risk to East Sussex County Council.
- 8.6 The ability of the project to repay the full £0.25m owed in 2021/22 was impacted by a number of factors, including the impact of Brexit on prices, trade and access to key export markets in Europe and Asia. Whelks are the main catch of the Eastbourne Fishing Fleet and the primary market for this catch is in Asia, with trade previously agreed under an EU-South Korea trade agreement. Due to the difficulties created by Brexit, fewer fishing vessels felt

able to join the new venture due to concerns regarding disruptions to their cash flow, which impacted on the income generated.

- 8.7 As set out above, the completion of the GPF project allowed the Eastbourne Fisherman to start trading through the shop and through limited wholesale sales. However, the first year of trading did not go as expected due to income streams not coming online as fast as hoped, issues with recruiting the right staff, sales being significantly lower than forecast and shop closures due to staff needing to isolate after testing positive for COVID-19.
- 8.8 Whilst acknowledging the challenges faced by the project to date, the Eastbourne Fisherman's Under 10m CIC have advised that the position is now looking more positive. There is now a team in place with a new manager who has previous experience of running this type of business, the retail side of the business is now in operation and events run to date have been a success. In addition, it is expected that more fishermen will sign up to join the venture over the coming months, which will increase the wholesale business and income through the levy.
- 8.9 The completion of Phases 2 and 3 of the project will provide the opportunity to rent out storage spaces to members of the fishing fleet and the visitors centre to a variety of businesses, particularly those associated with the fishing industry and community groups.
- 8.10 East Sussex County Council have advised that further time is required for the Eastbourne Fisherman's Under 10m CIC to carry out their options appraisal and reconsider their financial model, following recent changes to the project team before a proposed revised repayment schedule can be provided for Board consideration. East Sussex County Council will be working closely with the Eastbourne Fisherman's Under 10m CIC over the coming months to input into this process and to seek the necessary assurances regarding the underlying assumptions behind any proposed revised repayment schedule. A revised repayment schedule will be brought forward for Board consideration in September 2022.
- 8.11 Whilst the need for thorough consideration of the mechanism for and timing of the repayment of the remaining balance owed on the project is understood, the delay in presenting a proposed revised repayment schedule for the project does raise concerns regarding the ability of the project to meet the repayment obligations as set out in the GPF loan agreement. This will continue to be closely monitored over the coming months.
- 8.12 As set out in Section 8.4 of this report, the project was unable to make the full repayment of £0.25m due in 2021/22. As a consequence, the project has defaulted on the agreed repayment schedule.
- 8.13 The GPF loan agreement in place between Essex County Council (as the Accountable Body for SELEP) and East Sussex County Council states that interest is chargeable on the loan at a rate of 2% below the Public Works Loan Board (PWLb) fixed standard new loan interest rate. At the time of

preparing the loan agreement, the PWLB interest rate was 1.99% and therefore no interest was chargeable on the loan. However, the loan agreement indicates that the 2% discount on the PWLB interest rate ceases to apply when the Borrower (East Sussex County Council) does not make a repayment on the date specified in the repayment schedule. As a reduced repayment was made in March 2022, interest is now chargeable on the loan until the repayments are brought back into alignment with the agreed repayment schedule.

- 8.14 If a proposed revised repayment schedule is not brought forward for Board consideration until September 2022, interest will be chargeable on the remaining balance of the loan (£0.825m at a rate of 1.99% for the period between 1st April 2022 and 22nd September 2022). This is based on the assumption that the Board agree the revised repayment schedule at the September meeting, which would ensure that repayments are brought back into alignment with the agreed repayment schedule. The GPF repayments and any default interest charge will be made by the Eastbourne Fisherman's Under 10m CIC as per the back to back loan agreement with East Sussex County Council.
- 8.15 The Board should be aware of the risk of non-payment of the balance of the loan for the Eastbourne Fisherman's Quayside and Infrastructure Development project, as a result of the default position of the 2021/22 scheduled repayment and uncertainty pertaining to settlement of this balance and the requirement of Eastbourne Fisherman's Under 10m CIC to seek refinancing. The Eastbourne Fisherman's Quayside and Infrastructure Development project is currently scheduled to make the final loan repayment in 2022/23. East Sussex County Council are required to work closely with Eastbourne Fisherman's Under 10m CIC to enable clear, timely and detailed updates to be provided to the Board and to provide assurance as to the financial project plan, associated risks and the proposed revised repayment request at the September 2022 Board meeting.
- 8.16 East Sussex County Council have advised that Eastbourne Fisherman's Under 10m CIC Board of Directors have committed to holding the necessary meetings with financial institutions to enable them to provide East Sussex County Council, SELEP and Essex County Council (as Accountable Body to SELEP) the relevant assurances and a robust repayment profile by July 2022 to mitigate the risk of provision of the revised repayment schedule for the September 2022 Board meeting. They have also advised that Eastbourne Fisherman's Under 10m CIC are revising their financial forecasts and planning now so that they can demonstrate that their GPF repayment schedule is based on robust assurances. East Sussex County Council is holding regular update meetings with the scheme promoter over the course of the summer to track progress and risks on this present loan default and revision process. An update on progress and assurances on this work to mitigate risk will be brought to the July 2022 Board meeting.

9. Financial Implications (Accountable Body Comments)

- 9.1 A total of £13.039m (table 1) GPF is expected to be carried forward from 2021/22. There is sufficient funding available to meet the already agreed GPF investments due at present in this financial year. Of this balance, £8.890m is uncommitted increasing to £14.51m uncommitted balance for 2022/23, should all loan repayments be received in line with current Board decisions and credit agreements in place. There is a likely risk this balance will drop pending a request to come forward to the Board for a change to repayment relating to Eastbourne Fisherman's Quayside and Infrastructure Development project, which could drop the available uncommitted balance of GPF to £13.685m for 2022/23.
- 9.2 The existing GPF project pipeline has now been expended, with no further projects due to come forward for consideration of GPF award at this time and no plans for a new round of GPF funding to be launched. Due to ongoing uncertainty from Government regarding the future role of LEP's, it is expected that options for the use of the available balance of GPF will be brought forward to the Strategic Board and the Board for consideration in 2022/23 and decision made on the future management of GPF as a recyclable capital loan scheme.
- 9.3 There is a continued risk in 2022/23 that scheduled repayments by existing projects will not be made as planned due to difficulties experienced by projects as a result of Brexit, COVID-19, and economic uncertainty and inflation.
- 9.4 The Board are asked to note that there has been a default in the loan repayment in respect of the Eastbourne Fisherman's Quayside and Infrastructure Development project; a loan repayment was made of £0.100m, rather than the agreed £0.250m as per the repayment schedule in the credit agreement between Essex Council Council as Accountable Body to SELEP and East Sussex County Council. This was due to Eastbourne Fisherman's Under 10m CIC failing to make the full repayment due to East Sussex County Council.
- 9.5 The credit agreement states that interest will be applicable on the loan which is in a default as detailed in 10.1 of this report. An indicative calculation of interest chargeable to East Sussex County Council as the 'borrower' under these terms is shown at table 3. An end date of 22 September 2022 (aligned with the September Board meeting) is assumed for illustration purposes but is not confirmed
- 9.6 East Sussex County Council have advised that any interest payable will be passed through to the Eastbourne Fisherman's Under 10m CIC under the terms of the loan agreement between both parties.

Table 3 Indicative interest chargeable calculation on balance of loan for Eastbourne Fisherman Quayside and Infrastructure Development project

Project:	GPF Eastbourne Fisherman Quayside
Default Payment From:	01/04/2022
Default Payment to:	22/09/2022
Balance of Loan:	£825,000
Interest rate in credit agreement	1.99%
Days in Default	174.00
Interest owing	£7,826.42

- 9.7 The full balance of the loan is scheduled for repayment in 2022/23 as per the credit agreement. East Sussex County Council have provided assurance to the Accountable Body, that they continue to work closely with the Eastbourne Fisherman's Under 10m CIC to ensure a robust and achievable proposed repayment reprofile is presented to the Board for consideration in September 2022.
- 9.8 The Board are advised to continue to monitor the status of all existing GPF projects in terms of delivery status, outcomes and loan repayment assurances. The reprofiling request from GPF projects and further repayment risks that are highlighted in reporting, that result in a delay in the amount of GPF repaid by projects, as a result of re-profiled repayment schedules, will reduce the amount of GPF available for reinvestment in future years.
- 9.9 If an existing GPF project is put forward for a change to its repayment schedule, under the terms of the credit agreement with Essex County Council, the lead County/Unitary Authority is required to provide assurance that there is reasonable justification for a delay in repayment and that the project is still viable in the longer term to make the repayments in full.
- 9.10 It is noted that actual delivery of jobs and homes reported to date remain out of line with the expected levels identified in the business cases for most completed projects and there has been some evaluation of why delivery of outcomes is lower than expected. This should continue to form part of the on-going monitoring with reasons for under delivery explained fully to the Board. This is critical due to the COVID-19 situation and to help monitor the economic impact of the crisis on the SELEP region and project outcomes. Where appropriate, these evaluations should be used to inform future business case estimations of growth to ensure there is not a pattern of over-ambition.
- 9.11 Where there are projects that are not providing the required reporting, as set out in the credit agreements, lessons learnt from other Programmes have highlighted the importance of ensuring that this is not an indication of wider concerns re project delivery; the proposal to require reporting to be provided at the next Board meeting is therefore considered to be appropriate.

10. Legal Implications (Accountable Body Comments)

- 10.1 The Growing Places Fund is provided by the Accountable Body to the partner authorities for each project under a loan agreement. Where a loan has not been repaid in accordance with the repayment schedule set out in the loan agreement, the 2% discount rate of interest will cease to apply and the full Public Works Loan Board Fixed Standard New Loan Interest Rate stated will be applied to the outstanding loan amount with effect from the relevant repayment date.
- 10.2 Under the agreement, the Borrower is responsible for project monitoring and reporting to the Accountability Board and SELEP Strategic Board. The Borrower is required to provide an update on Project risk including those affecting repayment, as set out within this report, and this obligation continues in respect of an update regarding the position to be provided at the next Accountability Board.

11. Equality and Diversity implications (Accountable Body Comments)

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

12. List of Appendices

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

13. List of Background Papers

- 13.1 Strategic Board Agenda Pack 12th June 2020, including decision to repurpose an element of the GPF funding to support economic recovery post COVID-19.

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

Role	Date
Accountable Body sign off Stephanie Mitchener (On behalf of Nicole Wood, S151 Officer, Essex County Council)	 19/05/2022

Growing Places Fund Update Appendix A					Deliverability and Risk					
Name of Project	Upper Tier Local Authority	GPF Round	Description	Current Status	Delivery Risk	GPF Spend Risk	Repayment Risk	Delivery of Project outcomes	Other Risks	Overall Project Risk
Eastbourne Fisherman's Quayside and Infrastructure Development	East Sussex	Round Two	This capital project has secured £1,000,000 European Maritime and Fisheries Fund (EMFF) grant funding to build a Fishermen's Quay in Sovereign Harbour to develop local seafood processing infrastructure to support long term sustainable fisheries and the economic viability of Eastbourne's inshore fishing fleet.	Work commenced onsite on 27th July 2020 and an official ground breaking ceremony was held on 24th August. GPF funded element of the wider project has been completed and the building is now in use.	Project delivered	GPF funding has been spent in full	Repayment of £0.1m made in March 2022, rather than £0.25m repayment as per agreed schedule resulting in default on the loan. Revised repayment schedule will be brought to the September 2022 Board meeting.	Project is now complete and outcomes have started to be realised		Reduced repayment made in March 2022, and revised repayment schedule will be brought to the September 2022 Board meeting.
Green Hydrogen Generation Facility	Kent	Round Three	The project involves the construction of the UK's largest zero carbon hydrogen production system. This will be situated in Herne Bay, Kent and will be powered by way of a direct connection to the on-land substation for the existing Vattenfall offshore wind farms. The GPF funding will be used to purchase equipment for hydrogen production facility (electrolysers and compressors), specialised tube trailers for storage and distribution of hydrogen and hydrogen refuelling systems which are installed within the SELEP region.	Planning permission was granted in June 2020 for the Green Hydrogen Generation Facility. A preferred engineering contractor has been identified and concept design work has been undertaken. Discussions are ongoing with potential suppliers. Site clearance was expected to take place before April 2022, however, this has been delayed to allow time for the design to progress.	The programme has been delayed as a result of COVID-19. In addition, Brexit is likely to impact on delivery timescales for materials and equipment. There is also intense interest in the hydrogen economy which has resulted in longer than expected response times	Construction has been delayed as a result of COVID-19 impacts on engagement with service and equipment suppliers. The risk has been mitigated via an accelerated procurement process.	No repayment risk identified. Increasing levels of demand for green hydrogen in the region is expected to enable timely repayment of the GPF funding.	Project outcomes will be delivered as per the Business Case	Risk of fluctuation in the electricity and natural gas markets has materialised, with a similar effect on the market price of hydrogen.	Construction has been delayed due to COVID-19 impacts. Project outcomes still expected to be delivered as per the Business Case.
Javelin Way development project	Kent	Round Two	The project aims to develop the Javelin Way site for employment use, with a focus on the development of Ashford's creative economy. The project consists of two elements: the construction of a 'creative laboratory' production space and the development of 29 light industrial units.	The project has secured Getting Building Fund investment of £578,724 to bridge a viability gap which has arisen as a result of COVID-19 impacts on the property market. Construction is nearing completion, however, delays in progressing utilities continues to be an issue.	Construction is nearing completion, however, utilities connections to the site have been delayed.	Contractor has been appointed and work has commenced onsite. Outstanding utilities works may impact on project spend.	Revised repayment schedule approved by the Board in February 2021 to mitigate impact on sales value/market for industrial units.	Delivery of project outcomes may be delayed depending upon the impact of COVID-19 on the sales of the light industrial units, however, it is still expected that the project outcomes will be as set out in the Business Case. Marketing of the local industrial units has commenced.	Potential delay to the delivery of some of the light industrial units due to extended time taken by UKPN to agree required legal documents for diversion of high voltage cable.	Project delivery is progressing well. However, the full impact of COVID-19 on the sales market of industrial units is not currently known and therefore there remains an element of uncertainty.
Centre for Advanced Engineering	Essex	Round Two	Development of a new Centre of Excellence for Advanced Automotive and Process Engineering (CAAPE) through the acquisition and fit out of over 8,000sqm, on an industrial estate in Leigh on Sea. The project will also facilitate the vacation of the Nethermayne site in Basildon, which has been identified for the development of a major regeneration scheme.	Phase 1 completed and operational for start of 2018/19 academic year including motor vehicle and engineering. Phase 2 was completed in November 2018, allowing student enrolment from December 2018. The project was completed on time, to quality and within the revised budget. Revised repayment schedule agreed in November 2021.	Project delivered	GPF funding spent in full	Revised repayment schedule approved by the Board in November 2021. Ability to repay in accordance with this schedule will be considered through annual updates to the Board	Initial project outcomes reported including new learners, apprentices and new jobs created but further updates required		Revised repayment schedule agreed and initial information on project outcomes provided.

Growing Places Fund Update Appendix A					Deliverability and Risk					
Name of Project	Upper Tier Local Authority	GPF Round	Description	Current Status	Delivery Risk	GPF Spend Risk	Repayment Risk	Delivery of Project outcomes	Other Risks	Overall Project Risk
North Queensway	East Sussex	Round One	The project has delivered the construction of a new junction and preliminary site infrastructure in order to open up the development of a new business park providing serviced development sites with the capacity for circa 16,000m ² (gross) of high quality industrial and office premises.	GPF invested, project complete and full repayment made. Development of the site has been delayed as a result of challenges in securing planning consent for the commercial development due to concerns raised by statutory consultees, particularly in relation to drainage issues. To mitigate this issue, further site enabling works will now be delivered. These enabling works have been delayed as a result of the COVID-19 pandemic. Delivery of the additional works will also improve the viability of the site.	Project Complete	Project complete and GPF funding spent in full	GPF repaid in full	Further site enabling works are being undertaken to mitigate planning risks which will encourage take up of plots on the site. These works have been delayed as a result of the COVID-19 pandemic. There remains a risk that adverse market conditions will impact on the uptake of plots at the site, which would further delay the realisation of any benefits at the site.	Issues identified with supply chain disruption due to COVID-19 including delivery of statutory consents and availability of some construction materials. These issues may impact on both project construction programmes and build costs.	Delivery of the additional enabling works has been delayed by the COVID-19 pandemic.
Observer Building, Hastings - Tranche 1	East Sussex	Round Three	The project will support Phase 1 of the full redevelopment of the 4,000 sqm. Observer Building, which has been empty and increasingly derelict for 35 years, into a highly productive mixed-use building, creating new homes, jobs, enterprise space and support.	Planning permission for the proposed works was granted in September 2020. Following a period of value engineering, works have commenced onsite. The full roof insulation has been completed ensuring the building is better protected from the weather. Key materials have been delivered and the new substation is being installed. Phase 1 works are expected to complete in August 2022. The first tenant took occupation in November 2021.	This is a complex project seeking to address the impacts of 35 years of dereliction. Delivery is progressing well but there is risk that the contingency will be needed to support ongoing works, rather than being retained to fund the rendering of the west elevation	GPF allocation has been spent in full	The repayment schedule remains as set out in the Business Case, but the ongoing global economic uncertainty presents a risk	It is expected that the Project outcomes will be realised as per the Business Case.		Project is progressing onsite. GPF funding has been spent in full and project outcomes remain as set out in the Business Case. Repayment risk will be monitored following project completion
Observer Building, Hastings - Tranche 2	East Sussex	Round Three	The project will support the full redevelopment of the 4,000 sqm. Observer Building, which has been empty and increasingly derelict for 35 years, into a highly productive mixed-use building, creating new homes, jobs, enterprise space and support.	Growing Places Fund loan agreement completed in December 2021. Full funding allocation drawn down in January 2022. Additional funding will allow sequential delivery of improvements to the upper floors of the building, removing the need for scaffolding to be removed and replaced at a later date. Works expected to complete in March 2024.	This is a complex project seeking to address the impacts of 35 years of dereliction. Delivery is progressing well but there is risk that the contingency will be needed to support ongoing works, rather than being retained to fund the rendering of the west elevation	Work is ongoing at the site and therefore the GPF spend risk is considered to be low.	The repayment schedule remains as set out in the Business Case, but the ongoing global economic uncertainty presents a risk.	It is expected that the Project outcomes will be realised as per the Business Case.		Project is progressing onsite. Project outcomes remain as set out in the Business Case. Repayment risk will be monitored following project completion
Workspace Kent	Kent	Round One	The project aims to provide funds to businesses to establish incubator areas/facilities across Kent. The project provides funds for the building of new facilities and refit of existing facilities.	There are five projects within this programme. Of these, one project has recently been approved for funding, two projects have been completed and have repaid in full and one project is meeting its repayment schedule. The remaining project has partially repaid the funding but the company has now been dissolved and there are no further means to recover the outstanding balance. Write off of the outstanding balance owed by this company (£18,767) was agreed by the Board in November 2021.	All GPF funding has now been allocated to approved projects	Spend of the remaining GPF funding is dependent upon receipt of further information from the project which has recently been approved	Loan recipients were allowed a repayment holiday until 30 September 2021 but repayments have now recommenced and no issues or concerns have been raised to date.	Two loan recipients repaid early meaning that the forecast job creation was not achieved within the contractual period. Creation of some jobs has been delayed but the majority remain on track.		The award of the final loan has now been approved. Job creation may not be in line with that forecast in the Business Case.

Growing Places Fund Update Appendix A					Deliverability and Risk					
Name of Project	Upper Tier Local Authority	GPF Round	Description	Current Status	Delivery Risk	GPF Spend Risk	Repayment Risk	Delivery of Project outcomes	Other Risks	Overall Project Risk
Herne Relief Road - Bullockstone Road improvement scheme	Kent	Round Three	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. This project seeks to bring forward the Bullockstone Road Improvement Scheme element of the Relief Road.	Advanced clearance works have been undertaken. Procurement for a construction contractor is expected to complete in May 2022, with construction due to commence in June or July 2022.	Procurement of a construction contractor is nearing completion. Construction due to commence in June/July 2022.	GPF funding will be spent once construction commences.	There is a minor risk that the final development site will be slow to build out, meaning that their S106 contribution may be delayed. This would impact on the repayment of the loan.	It is still expected that the benefits set out in the Business Case will be realised.	Current volatility in the materials market may pose a risk to the budget. The COVID-19 pandemic could potentially impact on availability of workforce particularly during winter 2022.	Project is due to commence onsite in Summer 2022.
Bexhill Business Mall	East Sussex	Round One	The Bexhill Business Mall (Glover's House) project has delivered 2,345m ² of high quality office space with the potential to facilitate up to 299 jobs. This is the first major development in the Bexhill Enterprise Park in the A259/A21 growth corridor.	Glover's House has been delivered. The building has been sold which allowed full repayment of the GPF loan to be made during 2019/20	Project Complete	Project Complete	GPF funding repaid in full	As the building has now been sold, it is difficult to verify data calculated regarding the number of jobs created as a result of the project		Project completed and GPF repaid in full
Chatham Waterfront	Medway	Round One	The project will deliver land assembly, flood mitigation and the creation of investment in public space required to enable the development of proposals for the Chatham Waterfront Development. A waterfront development site that can provide up to 175 homes over 6 to 10 storeys with ground floor commercial space.	Piling is now complete for all blocks and work is continuing on 3 of the blocks. Work has commenced to deliver the new turning required to access the site.	COVID-19 impact on project delivery is being continually monitored but work is ongoing onsite	The GPF Funding has been spent.	GPF funding repaid in full	Development project will deliver 175 new homes and additional commercial space.		Impact of COVID-19 pandemic on project delivery is being continually monitored but work is continuing onsite.
Chelmsford Urban Expansion	Essex	Round One	The early phase of development in NE Chelmsford involves heavy infrastructure demands constrained to 1,000 completed dwellings. The fund will help deliver an improvement to the Boreham Interchange, allowing the threshold to be raised to 1,350, improving cash flow and the simultaneous commencement of two major housing schemes.	GPF invested and GPF has been repaid in full.	GPF element of the project complete	GPF element of the project complete	GPF element of the project complete and loan repaid in full.	Expected project outcomes not yet delivered. Information is being provided on houses delivered but to date it has not been possible to provide data on the number of jobs created.		GPF element of the project complete
Colchester Northern Gateway	Essex	Round Two	This development is located at Cuckoo Farm, off Junction 28 of the A12. The overall scheme consists of: relocation of the existing Colchester Rugby club site to land north of the A12 which will unlock residential land for up to 560 homes, providing in total around 35% affordable units and on site infrastructure improvements facilitating the development of the Sports and Leisure Hub.	The GPF supported phase of the project has been completed and the GPF funding has been repaid in full.	There is no delivery risk as the GPF funded element of the project has been completed	GPF funding spent in full. In November 2021, Board approved the reduction in value of the GPF loan to £1.35m	Full repayment of the GPF funding has been made.	No update provided on delivery of project outcomes.		GPF funded works delivered and GPF funding repaid in full
Grays Magistrates Court	Thurrock	Round One	The project has converted the Magistrates Court to business space as part of a wider Grays South regeneration project which aims to revitalise Grays town centre.	GPF invested, project complete and repayment made in full. The refurbished building is now in use and having a positive impact in the town centre.	Project Complete	GPF funding spent in full	GPF funding repaid in full	Project outcomes delivered.	COVID-19 is likely to impact on the economy and therefore there may be reduced occupancy of the business space in the short term.	Project delivered.
Harlow West Essex	Essex/Harlow	Round One	To provide new and improved access to the London Road site designated within the Harlow Enterprise Zone.	Project delivered to a reduced scope.	Project Complete	Project Complete	GPF funding repaid in full	The job and housing outcomes are likely to be delivered over a 7 to 10 year period. As project delivered to a reduced scope, approximately 1,000 less jobs will be delivered as a result of the project.		Further works in the programme are ongoing in Harlow that will help improve the overall viability and attractiveness of the Enterprise Zone.

Growing Places Fund Update Appendix A										
Name of Project	Upper Tier Local Authority	GPF Round	Description	Current Status	Deliverability and Risk					
					Delivery Risk	GPF Spend Risk	Repayment Risk	Delivery of Project outcomes	Other Risks	Overall Project Risk
Live Margate	Kent	Round One	Live Margate is a programme of interventions in the housing market in Margate and Cliftonville, which includes the acquisition of poorly managed multiple occupancy dwellings and other poor quality building stock and land to deliver suitable schemes to achieve the agreed social and economic benefits to the area.	<p>"Phase 1" has been completed. "Phase 2" is underway. Approach to Phase 2 of the project has changed and will now focus on addressing more poor quality building stock, rather than taking forward the site previously reported as acquired by Kent County Council. This change has been implemented following delays in bringing forward the planned work on the acquired site.</p> <p>Currently the GPF funding is being used to support the creation of 80 new homes. To date 66 units have been completed and occupied.</p>	There is no identified delivery risk following the change in approach to Phase 2 of the project	GPF spend is expected to increase in 2022/23 and 2023/24 as the final funds are used to address poor quality housing stock.	<p>COVID-19 has impacted on the construction sector and the time required to return derelict homes back into use.</p> <p>In addition, it is unknown at present how much of an impact COVID-19 will have on sales values of the homes.</p> <p>A revised repayment schedule was agreed by the Board in November 2020.</p>	From the land and sites identified, and positive engagement of partners, there is now greater certainty that the target of 66 homes will be exceeded by 2024/25.		<p>Project is progressing well following change to Phase 2 of the project.</p> <p>Project is expecting to exceed the project outcomes set out in the Business Case.</p>
No Use Empty Commercial Phase II	Kent	Round Three	The No Use Empty Commercial project aims to return long-term empty commercial properties to use, for residential, alternative commercial or mixed-use purposes. In particular, it will focus on town centres, where secondary retail and other commercial areas have been significantly impacted by changing consumer demand and have often been neglected as a result of larger regeneration schemes.	<p>6 projects currently contracted and underway in Folkestone, Herne Bay, Hythe, Sheerness, Swale and Ramsgate. These projects are expected to return 6 empty commercial units back into use and create 31 residential units.</p> <p>Approval for accelerated drawdown of £750,000 GPF (originally forecast for drawdown in 2022/23) was granted at the February 2022 meeting.</p>	Work on the first 6 projects is underway. Further properties to be identified as scheme progresses.	No identified GPF spend risk. Approval for accelerated drawdown of GPF funding was provided at the February Board meeting	The project is in the early stages but no repayment risk identified to date.	The impact of COVID-19 on the High Street may result in fewer large commercial premises coming forward for redevelopment. However, initial signs are good and encouraging discussions are ongoing with developers.		Project is in the early stages but is progressing well.
Priory Quarter Phase 3	East Sussex	Round One	The Priory Quarter (Havelock House) project is a major development in the heart of Hastings town centre which has delivered 2,247m ² of high quality office space with the potential to facilitate up to 440 jobs.	<p>The Priory Quarter (Havelock House) project is now complete and has delivered 2,247m² of high quality office space. It is estimated, through the application of the Housing and Communities Agency methodology, that the project has created 440 jobs to date.</p> <p>Havelock House has now been sold, which enabled full repayment of the GPF loan prior to the end of 2018/19.</p>	Project Complete	Project Complete	Havelock House has been sold enabling full repayment to be made in 2018/19.	As the building has now been sold, it is difficult to verify data calculated regarding the number of jobs created as a result of the project		Project completed and GPF repaid in full
Charleston Centenary	East Sussex	Round Two	The Charleston Trust have created a café-restaurant in the Threshing Barn on the farmhouse's estate. This work is part of a wider £7.6m multi-year scheme – the Centenary Project – which aims to transform the operations of the Charleston Farmhouse museum.	<p>The GPF funded works on the café-restaurant are now complete and the café-restaurant is open.</p> <p>Immediate impacts of the COVID-19 pandemic have been experienced, resulting in delays to repayment of the GPF loan.</p>	Project complete	GPF funds spent	Following impacts of COVID-19, a revised repayment schedule was approved by the Board in July 2020. Initial repayment has now been made.	Significant benefits have been realised since completion of the Centenary Project. Impacted by COVID-19 pandemic but steps being taken to try and ensure recovery from 2021.		Project delivered. Revised repayment schedule agreed as a result of the immediate impacts of the COVID-19 pandemic on the tourism industry.

Growing Places Fund Update Appendix A					Deliverability and Risk					
Name of Project	Upper Tier Local Authority	GPF Round	Description	Current Status	Delivery Risk	GPF Spend Risk	Repayment Risk	Delivery of Project outcomes	Other Risks	Overall Project Risk
Fitted Rigging House	Medway	Round Two	<p>The Fitted Rigging House project converts a large, Grade 1, former industrial building into office and public benefit space initially providing a base for eight organisations employing over 350 people and freeing up space to create a postgraduate study facility elsewhere onsite for the University of Kent Business School. The project also provides expansion space for the future which has the potential to enable the creation of a high tech cluster based on the work of one core tenant and pre-existing creative industries concentrated on the site. The conversion will provide 3,473m² of office space.</p>	<p>Building works to the project were complete as of 31st March 2020. The building is now fully occupied, with all 8 tenants operating from their new working spaces.</p> <p>Immediate impacts of the COVID-19 pandemic were experienced, resulting in delays to repayment of the GPF loan.</p>	Project complete.	GPF allocation spent in full.	Revised repayment schedule agreed in February 2022 which is achievable against expected cashflows	Financial sustainability of business tenants is returning to pre COVID-19 levels thereby reducing the risk that project outcomes will not be realised.		Project delivered and revised repayment schedule agreed.
Innovation Park Medway (southern site enabling works)	Medway	Round Two	<p>The Project is part of a wider package of investment at Innovation Park Medway. The Innovation Park is one of three sites across Kent and Medway which together form the North Kent Enterprise Zone.</p> <p>The vision for Innovation Park Medway is to attract high GVA businesses focused on the technological and science sectors – particularly engineering, advanced manufacturing, high value technology and knowledge intensive industries. These businesses will deliver high value jobs in the area and will contribute to upskilling the local workforce. This is to be achieved through general employment and the recruitment and training of apprentices including degree-level apprenticeships through collaboration with the Higher Education sector.</p> <p>The Project will bring forward site enabling works on the southern site at the Innovation Park.</p>	<p>Demolition of the disused building is now complete.</p> <p>The Masterplan and Local Development Order (LDO) have now been adopted by both Medway Council and Tonbridge and Malling Borough Council.</p> <p>The access roads, footpaths, lighting, signage and utilities have been delivered onsite. Architects have been appointed to design the two buildings and the car park which will be located on the site. Marketing of the site is ongoing.</p>	GPF funded enabling works have now been delivered	GPF funding has been spent in full	GPF loan has been repaid in full	The enabling works have been completed and the site is currently being marketed.		The GPF funded enabling works have now been delivered and the GPF funding has been repaid in full
No Use Empty Commercial Phase I	Kent	Round Two	<p>The No Use Empty Commercial project aims to return long-term empty commercial properties to use, for residential, alternative commercial or mixed-use purposes. In particular, it will focus on town centres, where secondary retail and other commercial areas have been significantly impacted by changing consumer demand and have often been neglected as a result of larger regeneration schemes.</p>	<p>The project has contracted with 12 projects in Dover, Folkestone and Margate.</p> <p>These projects will provide 15 commercial units and 28 residential units in total. To date, 15 commercial and 26 residential units have been brought back into use.</p> <p>The remaining project is progressing but has experienced delays in obtaining required materials, such as plaster, since the COVID-19 lockdown and has experienced increases in labour costs.</p>	As a result of COVID-19 work was paused on all projects, however, work has now recommenced with all but 1 project now complete.	The full £1.0m of GPF funding has been allocated to projects	Due to COVID-19 impacts some borrowers may request a longer repayment schedule than originally agreed. A revised repayment schedule was agreed by the Board in November 2020 and repayments are being made in line with this schedule.	Contracts are now in place to ensure delivery of the outcomes stated within the Business Case. Timeframe for realisation of benefits will be affected by COVID-19 construction delays.	No other risks identified. The number of commercial units in contract exceed the total stated in the Business Case.	Works delivered through the Project are nearing completion.
No Use Empty Residential	Kent	Round Three	<p>The No Use Empty Initiative seeks to improve the physical urban environment in Kent by bringing empty properties back into use as quality housing accommodation and by raising awareness of the issues surrounding empty properties, highlighting the problems they cause to local communities. This objective is achieved through the provision of short-term secured loans (up to 3 years) to property owners.</p>	<p>The Growing Places Fund loan agreement has now been completed by all parties.</p> <p>There is a healthy pipeline of projects for 2022/23 and further publicity around the initiative is planned.</p>	Delivery of the project is at an early stage but there is a proven track record of delivery.	GPF spend is expected to commence in Q1 2022/23 once the initial projects are in contract.	No repayment risk identified to date. It is intended that the majority of the funds will be allocated during 2022/23. This should mitigate any risk of late repayment against the repayment schedule.	It is expected that benefits will be realised as per the Business Case.		Project is in the early stages but is progressing well.

Growing Places Fund Update Appendix A										
Name of Project	Upper Tier Local Authority	GPF Round	Description	Current Status	Deliverability and Risk					
					Delivery Risk	GPF Spend Risk	Repayment Risk	Delivery of Project outcomes	Other Risks	Overall Project Risk
Parkside Office Village	Essex	Round One	SME Business Units at the University of Essex. Phase 1, 14,032 sqft.; 1,303sqm lettable space, build complete June 2014. Phase 1a 3,743 sqft.; 348 sqm - complete September 2016.	Project complete and GPF funding repaid in full.	Project Complete	Project Complete	Project Complete and loan repaid in full.	Forecast project benefits now realised		Project Complete and expected project outcomes delivered.
Rochester Riverside	Medway	Round One	The project will deliver key infrastructure investment including the construction of the next phase of the principal access road, public space and site gateways. This development is to be completed over 7 phases and should take approximately 12 years. The scheme will include: 1,400 new homes (25% of which are affordable), a new 1 form entry primary school, 2,200 sqm of new office & retail space, an 81 bed hotel and 10 acres of public open space.	The first housing units were completed in Q2 of 2019. 331 homes are now occupied, with a further 171 under construction (Phases 1 to 3). Construction of the new 2 form entry school commenced in July 2021, with completion expected by September 2022. Planning applications are being prepared/have been submitted in relation to future phases of development on the site.	This project is already on site and the \$106 agreement was signed at the end of January 2018. Phases 1 and 2 have been completed and Phase 3 is well underway	The GPF Funding has already been spent	The GPF funding has been repaid in full.	The contractor is on site and will be delivering 1,400 homes, 1,200sqm of commercial space, a new school, hotel and various new open spaces. The scheme is now delivering more than was originally intended and there are no delivery risks.	Contractors stopped work onsite due to the COVID-19 pandemic, which caused a 10 week delay to the programme. However, work is now progressing well. The supply chain has experienced some delays but these are being factored into future works.	Overall the project is on track to deliver outputs and outcomes.
Sovereign Harbour	East Sussex	Round One	The Pacific House project has delivered 2,345m ² of high quality office space with the potential to facilitate up to 299 jobs. This is the first major development in the Sovereign Harbour Innovation Park in the A22/A27 growth corridor.	The Sovereign Harbour Innovation Mall (Pacific House) project is now complete and has delivered 2,345m ² of high quality office space.	Project Complete	Project Complete	No repayment risk identified	The majority of the forecast outcomes have been realised despite the impacts of the COVID-19 pandemic.		Project delivered
Wine Innovation Centre	Kent	Round Three	This project supports the development of a facility to host a wine innovation centre at the East Malling Estate. This will be the first UK research vineyard and will support Kent's wine sector to develop as a global leader in innovation. The GPF will enable the ground and foundations work as well as installation of utilities and services and construction and fit out of building.	The building housing the winery is now complete.	Project complete	GPF funding spent in full	It is expected that repayment will be made in line with the agreed repayment schedule	It is expected that project outcomes will be delivered as per the Business Case		Project delivery is now complete
Barnhorn Green Commercial and Health Development	East Sussex	Round Three	Barnhorn Green is an allocated employment and health zone adjacent to a large housing development in Bexhill. Development of the site is required to ensure that housing growth in the area is sustainable through the provision of jobs and primary healthcare. Outline planning permission has been granted for 2,750 sqm of office accommodation, 750 sqm of light industrial workspace and 700 sqm for a GP surgery.	The Growing Places Loan agreement has now been completed. No funding has been drawn down to date. Full update on project delivery to be sought in advance of the next Board meeting.	Risk update to be provided following initial drawdown of funding	Risk update to be provided following initial drawdown of funding	Risk update to be provided following initial drawdown of funding	Risk update to be provided following initial drawdown of funding	Risk update to be provided following initial drawdown of funding	Risk update to be provided following initial drawdown of funding
No Use Empty South Essex	Southend	Round Three	The No Use Empty Commercial project aims to return long-term empty commercial properties to use, for residential, alternative commercial or mixed-use purposes. In particular, it will focus on town centres, where secondary retail and other commercial areas have been significantly impacted by changing consumer demand and have often been neglected as a result of larger regeneration schemes.	The Growing Places Loan agreement has now been completed. No funding has been drawn down to date. Full update on project delivery to be sought in advance of the next Board meeting.	Risk update to be provided following initial drawdown of funding	Risk update to be provided following initial drawdown of funding	Risk update to be provided following initial drawdown of funding	Risk update to be provided following initial drawdown of funding	Risk update to be provided following initial drawdown of funding	Risk update to be provided following initial drawdown of funding
Discovery Park	Kent	Round One	The proposal is to develop the Discovery Park site and create the opportunity to build both houses and commercial retail facilities.	The project promoter has informed Kent County Council that they no longer wish to proceed with the GPF loan and therefore the project has been removed from the GPF programme. The GPF funding has been repaid in full by Kent County Council and has been reallocated through GPF round 3.	Project removed from the GPF programme	Project removed from the GPF programme	Project removed from the GPF programme	Project removed from the GPF programme	Project removed from the GPF programme	Project removed from the GPF programme
Harlow EZ Revenue Grant	n/a	n/a		n/a						

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

Appendix B - Growing Places Fund Repayment Schedule

Name of Project	Upper Tier Local Authority	Total Allocation	Total Drawn Down to date	Total Spent to Date	Total Repaid by 31st March 2022	2022/23 total	2023/24 total	2024/25 total	2025/26 total	2026/27 total	Total
Revenue admin cost drawn down	n/a	2,000	2,000	2,000							2,000
Harlow EZ Revenue Grant	n/a	1,244,000	1,244,000	1,244,000							1,244,000
Round 1 Projects											
Priory Quarter Phase 3	East Sussex	7,000,000	7,000,000	7,000,000	7,000,000	-	-	-	-	-	7,000,000
North Queensway	East Sussex	1,500,000	1,500,000	1,500,000	1,500,000	-	-	-	-	-	1,500,000
Rochester Riverside	Medway	4,410,000	4,410,000	4,410,000	4,410,000	-	-	-	-	-	4,410,000
Chatham Waterfront	Medway	2,999,042	2,999,042	2,999,042	2,999,042	-	-	-	-	-	2,999,042
Bexhill Business Mall	East Sussex	6,000,000	6,000,000	6,000,000	6,000,000	-	-	-	-	-	6,000,000
Parkside Office Village	Essex	3,250,000	3,250,000	3,250,000	3,250,000	-	-	-	-	-	3,250,000
Chelmsford Urban Expansion	Essex	1,000,000	1,000,000	1,000,000	1,000,000	-	-	-	-	-	1,000,000
Grays Magistrates Court	Thurrock	1,400,000	1,400,000	1,400,000	1,400,000	-	-	-	-	-	1,400,000
Sovereign Harbour	East Sussex	4,600,000	4,600,000	4,600,000	1,025,000	3,575,000	-	-	-	-	4,600,000
Workspace Kent	Kent	1,500,000	1,500,000	1,437,000	1,246,633	-	-	-	-	234,600	1,481,233
Harlow West Essex	Essex/Harlow	1,500,000	1,500,000	1,500,000	1,500,000	-	-	-	-	-	1,500,000
Discovery Park	Kent	5,300,000	5,300,000	-	5,300,000	-	-	-	-	-	5,300,000
Live Margate	Kent	5,000,000	5,000,000	3,446,008	1,500,000	1,000,000	1,000,000	1,500,000	-	-	5,000,000
Sub Total		46,705,042	46,705,042	39,788,050	38,130,675	4,575,000	1,000,000	1,500,000	-	234,600	49,455,317
Round 2 Projects											
Colchester Northern Gateway	Essex	1,350,000	1,350,000	1,350,000	1,350,000	-	-	-	-	-	1,350,000
Charleston Centenary	East Sussex	120,000	120,000	120,000	20,000	20,000	40,000	40,000	-	-	120,000
Eastbourne Fisherman's Quay and Infrastructure Development	East Sussex	1,150,000	1,150,000	1,150,000	325,000	825,000	-	-	-	-	1,150,000
Centre for Advanced Automotive and Process Engineering	South Essex	2,000,000	2,000,000	2,000,000	-	-	-	-	1,000,000	1,000,000	2,000,000
Fitted Rigging House	Medway	550,000	550,000	550,000	100,000	-	100,000	150,000	200,000	-	550,000
Javelin Way Development	Kent	1,597,000	1,597,000	1,597,000	-	-	500,000	500,000	597,000	-	1,597,000
Innovation Park Medway	Medway	650,000	650,000	650,000	650,000	-	-	-	-	-	650,000
No Use Empty Commercial Phase I	Kent	1,000,000	1,000,000	1,000,000	800,000	200,000	-	-	-	-	1,000,000
Sub Total		8,417,000	8,417,000	8,417,000	3,245,000	1,045,000	640,000	690,000	1,797,000	1,000,000	8,417,000
Round 3 Projects											
Wine Innovation Centre	Kent	600,000	600,000	600,000	-	-	100,000	250,000	250,000	-	600,000
Green Hydrogen Generation Facility	Kent	3,470,000	3,470,000	-	-	-	-	350,000	3,120,000	-	3,470,000
Observer Building, Hastings - Tranche 1	East Sussex	1,750,000	1,750,000	1,750,000	-	-	-	-	1,750,000	-	1,750,000
Barnhorn Green Commercial and Health Development - Phase 1	East Sussex	1,750,000	-	-	-	-	-	-	1,750,000	-	1,750,000
No Use Empty Commercial Phase II	Kent	2,000,000	1,500,000	650,000	-	-	-	750,000	750,000	500,000	2,000,000
No Use Empty South Essex	Southend	1,000,000	-	-	-	-	-	400,000	600,000	-	1,000,000
Herne Relief Road	Kent	3,500,000	2,100,000	-	-	-	-	-	3,500,000	-	3,500,000
Observer Building, Hastings - Tranche 2	East Sussex	1,616,500	1,616,500	-	-	-	-	-	1,616,500	-	1,616,500
No Use Empty Residential	Kent	2,500,000	2,500,000	-	-	-	-	-	1,250,000	1,250,000	2,500,000
Sub Total		18,186,500	13,536,500	3,000,000	-	-	100,000	1,750,000	14,586,500	500,000	18,186,500
Total		73,308,542	68,658,542	51,195,050	41,375,675	5,620,000	1,740,000	3,940,000	16,383,500	1,734,600	76,058,817

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Appendix C - Growing Places Fund Drawdown Schedule

Name of Project	Upper Tier Local Authority	Total Allocation	Total drawn down to end 2021/22	2022/23 total	2023/24 total	Total scheduled for drawdown
Round 1 Projects						
Priory Quarter Phase 3	East Sussex	7,000,000	7,000,000			7,000,000
North Queensway	East Sussex	1,500,000	1,500,000			1,500,000
Rochester Riverside	Medway	4,410,000	4,410,000			4,410,000
Chatham Waterfront	Medway	2,999,042	2,999,042			2,999,042
Bexhill Business Mall	East Sussex	6,000,000	6,000,000			6,000,000
Parkside Office Village	Essex	3,250,000	3,250,000			3,250,000
Chelmsford Urban Expansion	Essex	1,000,000	1,000,000			1,000,000
Grays Magistrates Court	Thurrock	1,400,000	1,400,000			1,400,000
Sovereign Harbour	East Sussex	4,600,000	4,600,000			4,600,000
Workspace Kent	Kent	1,500,000	1,500,000			1,500,000
Harlow West Essex	Essex/Harlow	1,500,000	1,500,000			1,500,000
Discovery Park	Kent	5,300,000	5,300,000			5,300,000
Live Margate	Kent	5,000,000	5,000,000			5,000,000
Sub Total		45,459,042	45,459,042	-	-	45,459,042
Round 2 Projects						
Colchester Northern Gateway	Essex	1,350,000	1,350,000			1,350,000
Charleston Centenary	East Sussex	120,000	120,000			120,000
Eastbourne Fisherman's Quay and Infrastructure Development	East Sussex	1,150,000	1,150,000			1,150,000
Centre for Advanced Automotive and Process Engineering	South Essex	2,000,000	2,000,000			2,000,000
Fitted Rigging House	Medway	550,000	550,000			550,000
Javelin Way Development	Kent	1,597,000	1,597,000			1,597,000
Innovation Park Medway	Medway	650,000	650,000			650,000
No Use Empty Commercial Phase I	Kent	1,000,000	1,000,000			1,000,000
Sub Total		8,417,000	8,417,000	-	-	8,417,000
Round 3 Projects						
Wine Innovation Centre	Kent	600,000	600,000			600,000
Green Hydrogen Generation Facility	Kent	3,470,000	3,470,000			3,470,000
Observer Building, Hastings - Tranche 1	East Sussex	1,750,000	1,750,000			1,750,000
Barnhorn Green Commercial and Health Development - Phase 1	East Sussex	1,750,000	-	1,750,000		1,750,000
No Use Empty Commercial Phase II	Kent	2,000,000	1,500,000		500,000	2,000,000
No Use Empty South Essex	Southend	1,000,000	-	1,000,000		1,000,000
Herne Relief Road (subject to meeting funding conditions)	Kent	3,500,000	2,100,000	1,400,000		3,500,000
Observer Building, Hastings - Tranche 2	East Sussex	1,616,500	1,616,500			1,616,500
No Use Empty Residential	Kent	2,500,000	2,500,000			2,500,000
Sub Total		18,186,500	13,536,500	4,150,000	500,000	18,186,500
Total		72,052,542	64,401,542	4,150,000	500,000	72,062,542

Appendix D – Monitoring of GPF Project Outcomes

Name of Project	Outcomes defined in Business Case		Outcomes delivered to date	
	Jobs	Houses	Jobs	Houses
Round 1 GPF Projects				
Priory Quarter Phase 3	440	0	440	0
North Queensway	865	0	0	0
Rochester Riverside	1,004	374	75	331
Chatham Waterfront	211	159	0	0
Bexhill Business Mall	299	0	312	0
Parkside Office Village	127	0	163	0
Chelmsford Urban Expansion	600	4,000	0	1,576
Grays Magistrates Court	200	0	206	0
Sovereign Harbour	299	0	280	0
Workspace Kent	198	0	150	0
Harlow West Essex	3,000	1,200	1,355	920
Live Margate	0	66	0	66
Round 2 GPF Projects				
Colchester Northern Gateway	81	450	0	0
Charleston Centenary	6	0	6	0
Eastbourne Fisherman	4	0	4	0
Centre for Advanced Engineering	56	0	21	0
Fitted Rigging House	300	0	195	0
Javelin Way Development	311	0	0	0
Innovation Park Medway	307	0	20	0
No Use Empty Commercial	16	28	30	26
Round 3 GPF Projects				
Wine Innovation Centre	4	0	0	0
Green Hydrogen Generation Facility	16	0	0	0
Observer Building, Hastings – Tranche 1	54	0	0	0
Observer Building, Hastings – Tranche 2	84	0	0	0
Barnhorn Green Commercial and Health Development	133	429	0	0
No Use Empty Commercial Phase II	40	36	0	0
No Use Empty South Essex	18	28	0	0
Herne Relief Road – Bullockstone Road improvement scheme	2,423	2,452	94	358
No Use Empty Residential	50	100	0	0
Total	11,146	9,322	3,351	3,277

Key:

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

Appendix E – COVID-19 impacts

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

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

As the country begins to recover from the COVID-19 pandemic, these risks will continue to be monitored to understand their impact on the ongoing project delivery and repayment of the GPF funding.

Forward Plan reference numbers: FP/AB/526 and FP/AB/527

Report title: Revenue Budget 2021/22 Provisional Outturn and Impact for 2022/23 Revenue Budget	
Report to: Accountability Board	
Report author: Lorna Norris, Senior Finance Business Partner	
Meeting Date: 27th May 2022	For: Decision
Enquiries to: lorna.norris@essex.gov.uk	
SELEP Partner Authority affected: Pan SELEP	

1. Purpose of Report

- 1.1. The purpose of this report is for the Accountability Board (the Board) to consider the provisional outturn position for the SELEP Revenue budget for 2021/22 and the impact for the 2022/23 budget.

2. Recommendations

- 2.1. The Board is asked to:
- 2.1.1. **Note** the provisional net cost of services for 2021/22 of £687,000;
 - 2.1.2. **Approve** the provisional outturn position for the SELEP revenue budget for 2021/22 in Table 1, including the net contribution to the Operational Reserve of £329,437;
 - 2.1.3. **Approve** the movement in reserves set out in Table 5;
 - 2.1.4. **Approve** that the uncommitted balance of £22,672 on the Sector Support Fund is appropriated to the Operational Reserve as the Fund is closed to new applications;
 - 2.1.5. **Note** the risk to the Growing Places Fund (GPF) of the default loan repayment in respect of the Eastbourne Fisherman's Quayside and Infrastructure Development Project;
 - 2.1.6. **Approve** the match funding contributions for 2022/23 set out in Table 6 to support the SELEP delivery plan in 2022/23 and to enable release of Core Funding anticipated from Government in 2022/23;
 - 2.1.7. **Approve** a reduction in the budgeted contribution from the Operational Reserve in 2022/23 equal to the total value of the agreed match funding contribution from Partners, noting that an updated budget position will be brought to the July 2022 meeting to reflect the agreed changes to the Delivery Plan for 2022/23.

3. 2021/22 Provisional Revenue Outturn

- 3.1. Table 1 details the total provisional revenue outturn position by the SELEP in financial year 2021/22; this demonstrates a net cost of services of £687,000, to be funded from the Operational Reserve. In addition to the Secretariat budget, this table includes all spend funded by the specific revenue funds set out in Table 3. The outturn position equates to an underspend compared to budget of £235,000; the underspend arose due to the need to reduce spending in year due to the uncertainties with respect to receipt of the core funding contribution of £250,000 that had been withheld by Government whilst the LEP review was being undertaken.
- 3.2. As reported to the Board in February 2022, the receipt of this funding in late December meant that much of the cancelled or delayed spend couldn't practically be reinstated in the final quarter of 2021/22; it did mean, however, that reserves do not need to be so heavily called upon to support spend in 2021/22 and provides additional options for delivery moving into 2022/23 (this is considered further in section 5).
- 3.3. The provisional outturn position shows an improvement in the forecast position reported to the Board in February 2022 of £105,000; this is primarily a result of lower than anticipated consultancy spend (£65,000), including spend on the Independent Technical Evaluator (ITE) and additional interest receipts (£35,000) as the cash balances held to the end of the financial year were higher than forecast against improving interest levels.
- 3.4. In addition, the Sector Support Fund (SSF) programme has identified £22,672 of funding that has been returned as it is not required by the respective projects, as set out in section 3.9; these funds are therefore requested to be appropriated back to the Operational Reserve to support future commitments of the SELEP.
- 3.5. In line with the position set out in February 2022, the provisional outturn position includes £112,493 of actual and anticipated redundancy costs, due to the need to reduce roles as a result of the reduced funding available to support SELEP on-going. There remains a risk for the need for further redundancies if alternative funding is not confirmed (this is considered further in Section 5).
- 3.6. Taking the movement in forecast set out in the February report, combined with the movement in forecast identified above, gives an overall improved position on the General reserve of £358,000 in comparison to the position anticipated when the budget for 2022/23 was agreed by the Board in November 2021 – this is summarised in Table 2 below. This position is considered further in section 5.

Table 1 – Total SELEP Revenue Provisional Outturn 2021/22

	Provisional Outturn £000	Latest Budget £000	Variance £000	Variance %	Previous Forecast £000	Forecast Movement £000
Staff salaries and associated costs	947	1,101	(155)	-14%	951	(4)
Staff non salaries	9	10	(0)	-3%	15	(6)
Recharges (incl. Accountable Body)	359	366	(7)	-2%	345	14
Provision For Redundancies	112	-	112	-	112	-
Total staffing	1,427	1,477	(50)	-3%	1,423	4
Meetings and admin	40	40	0	0%	32	8
Chair and Deputy Chair Allowance including oncosts	46	41	5	12%	39	7
Consultancy and project work	283	472	(188)	-40%	349	(65)
COVID-19 Support Programmes	2,176	4,453	(2,277)	-51%	2,533	(357)
Grants and contributions to third parties	2,140	2,674	(534)	-20%	2,525	(385)
Total other expenditure	4,686	7,680	(2,994)	-39%	5,478	(792)
Total expenditure	6,113	9,157	(3,044)	-33%	6,902	(789)
Grant income	(3,001)	(3,593)	592	-16%	(3,419)	418
Contributions from partners	(150)	(150)	-	0%	(150)	-
Other Contributions	(37)	-	(37)	-	-	(37)
COVID-19 Support Fund	(2,191)	(4,493)	2,302	-51%	(2,550)	359
External interest received	(48)	-	(48)	0%	(13)	(35)
Total income	(5,426)	(8,235)	2,809	-34%	(6,132)	706
Net cost of services	687	922	(235)	-25%	769	(83)
Funds transferred (to)/from the Operational Reserve (not charged to services)						
GPF Contribution transferred to Reserves	(1,000)	(1,000)	-	0%	(1,000)	-
Other re-purposed funds transferred to Reserves	(1,577)	-	(1,577)	-	(1,554)	(23)
Contribution from Redundancy Reserve	(112)	-	(112)	-	(112)	-
Funds transferred to Earmarked Reserves	1,673	-	1,673	-	-	-
Net Deficit (Surplus) on provision of services	(329)	(78)	(251)	321%	(1,897)	(105)
Net Contributions to/(from) Operational reserves	329	78	251	321%	1,897	105
Final net position	-	-	-	0%	-	-

Table 2 – Impact of the Provisional Outturn position on the Budgeted Operational Reserve for 2022/23

	£'000
Movement from December Forecast	
Lower than anticipated ITE and other consultancy support	(65)
Additional external interest received	(35)
Return of surplus Sector Support Funding to the Operational Reserve	(23)
Increase in Staffing and Other expenditure	19
Other net adjustments	(1)
Net Movement on Operational Reserve	(105)
Net Movement from September Forecast	
Core funding	(250)
Other net adjustments	(3)
Net Movement on Operational Reserve	(253)
Total unbudgeted movement on the Operational Reserve for 2022/23	(358)

4. Specific Revenue Funds Update

- 4.1. Table 3 sets out the provisional outturn position for the specific revenue funds, the in-year movement of which is incorporated into Table 1. Table 3 confirms that the majority of funds have been spent in year, in line with the previously reported position, with the exception of the Sector Support Fund and Covid-19 Support funds, which are considered further below.

Table 3 – Specific Revenue Funds 2021/22 Provisional Outturn Summary

Fund	Funding Brought Forward	Funding Received	Funding Applied	Funding Repurposed to Reserves	Funding Carried Forward
	£000	£000	£000	£000	£000
GPF Revenue Grant	(987)	-	-	987	-
Sector Support Fund (SSF)	(1,394)	-	942	149	(303)
Growth Hub - Core Funding Grant	-	(890)	890	-	-
Growth Hub - Peer Network Grant	-	(112)	112	-	-
ERDF Legacy Funds	(350)	-	350	-	-
Skills Analysis Panels (SAP) Grant	-	(75)	75	-	-
Local Digital Skills Partnership Catalyst Grant	(37)	(75)	83	-	(29)
Delivering Skills for the Future	(1)	-	1	-	-
Energy Strategy Grant	(7)	-	6	-	(1)
Developing High Streets	(10)	(10)	20	-	-
Total Grant Income Applied	(2,785)	(1,162)	2,478	1,136	(333)
SELEP Core and GBF Capacity Grants	(23)	(500)	523	-	-
Covid-19 Skills Fund	(2,096)	-	1,006	418	(672)
Covid-19 Business Support Fund	(2,396)	-	1,184	23	(1,189)
Total Revenue Funding Applied	(7,301)	(1,662)	5,192	1,577	(2,195)

4.2. Sector Support Fund

- 4.2.1. The provisional carry-forward for this fund is £303,500, all of which is committed to delivery of the agreed programmes. The previously reported forecast indicated a carry-forward of £22,000 for this fund, based on forecast payments at the time, however, a number of grant claims have not come forward as anticipated and are now expected to be made in 2022/23. An update on the Sector Support Fund programme is expected to be provided to the Strategic Board in June 2022.
- 4.2.2. In addition, there has been a return of funding of £22,667 by Kent County Council, in respect of the Rebuilding Confidence and Demand in the Visitor Economy project, Good Food Growth Campaign and Buy Local South East; this is because not all of the grant funding allocated was required to support delivery of the projects, and in accordance with the terms of the grant agreement in place, the funding has been returned. As the Sector Support Fund has now been closed to new applications, the returned amount is recommended to be transferred to the Operations Reserve to support future spend commitments.

- 4.2.3. The Skills for the Future Project has also returned £7.25 to the fund, which is also recommended to be transferred to the Operations Reserve to support future spend commitments.

4.3. COVID-19 Support Programme

- 4.3.1. There has been an increase in the forecast slippage into 2022/23 in respect of both the COVID-19 Support programmes totalling £359,000; whilst slippage has a net nil impact on the overall revenue forecast position as they are funded from the Earmarked reserves, it extends the internal resource required to support programme delivery.
- 4.3.2. Covid-19 Skills Fund: total slippage into 2022/23 of £672,000 (an increase of £92,000 from the position reported in February 2022); in the February update to the Board it was reported that there has been a delay in delivery due, in part, to Covid restrictions, meaning that online training has become essential requiring individuals to have appropriate internet access and equipment. Additionally, demand has been lower than anticipated due to unemployment not being as high as expected after furlough ending and other similar programmes (such as the DWP Restart) being launched since. Adaptions are being made through change control requests such as supporting under-employed people (e.g. on zero hours contracts) which is likely to see an increase in numbers but this coupled with the delayed start date of June 2021 (from April 2021) has resulted in Programme slippage. Programmes are now expected to finish in quarter 2 of 2022/23 with some activity in terms of evaluation reports and completion of courses likely into quarter 3.
- 4.3.3. Covid-19 Business Support Fund: forecast slippage into 2022/23 of £1.189m (an increase of £267,000 from the position reported in February 2022). In the February update to the Board it was reported that a review of the programme has attributed the increase in slippage due to (i) a longer than expected processing period for the Revi-VE visitor economy grant programme and (ii) a three month extension to the grant application period for digital and pre-start/start-up support, to compensate for business reticence caused by the Omicron wave. Initial slippage was due to all 24-month programmes having a delayed contracted start date of June 2021 rather than April 2021. The monitoring and evaluation period for this programme is expected to extend into Q1 for 2023/24.
- 4.3.4. The slippage in these two programmes means that the delivery phase of all programmes will run later into 2022/23 than previously anticipated, which will have associated resource requirements for managing delivery. Monitoring and evaluation is expected to complete within the 24-month programme period for the Covid-19

Business Support Fund, which will extend into Q1 2023/24 – resource will need to be ring-fenced in the SELEP budget for that year to support this activity.

- 4.3.5. An update on the COVID-19 Programmes is expected to be taken to the Strategic Board meeting in June 2022.

5. Capital Funds Update

- 5.1. In addition to the revenue funds set out in Table 3, the Accountable Body administers the capital funds in Table 4 on behalf of SELEP; the investments through grants or loans to third parties are to support delivery of the SELEP priorities, including the COVID-19 recovery. The notes below set out the position for each Fund and further information is included in the separate update reports included in the agenda.

Table 4: Capital Funds Administered by SELEP in 2021/22

Fund	Fund balance brought forward £000	Forecast Funding Received / Repaid £000	Forecast Funding Applied £000	Forecast Fund Balance Carried Forward £000
Local Growth Fund (LGF) (DLUHC)	(5,146)	-	5,146	-
Local Growth Fund (LGF) (DFT)	(8,399)	-	8,399	-
Growing Places Fund (GPF) (on-going Loan Fund)	(16,817)	(5,439)	9,217	(13,040)
Getting Building Fund (GBF)	-	(42,500)	42,500	-
Total Funds	(30,362)	(47,939)	65,261	(13,040)

- 5.1.1. Local Growth Fund (LGF) – all remaining LGF was transferred to delivery partners by the end of 2021/22. However, circa £44.480m of the total LGF allocation is planned to be spent by partners from 2022/23 onwards, with on-going commitments of delivery, monitoring and evaluation to SELEP and the Accountable Body (see agenda item 7).
- 5.1.2. Local Growth Fund (LGF) (DFT) – the brought forward balance from 2020/21, was requested in full by Southend-on-Sea City Council, taking the balance on the grant remaining to nil. A further allocation is expected to be received in relation to the A127 Fairglen project, but this remains subject to final approval by the Secretary of State – see agenda item 7 for further details.
- 5.1.3. Growing Places Fund (GPF) – GPF is a recyclable loan scheme with a balance to be carried forward into 2022/23 is £13.04m, of which, £4.65m is committed to approved projects; the leaves £8.39m for reinvestment into new Projects across the SELEP region. This balance will increase provided that existing Projects meet their commitments to repay their loans in line with their funding agreements – a further £5.6m is due by the end of 2022/23. The

current pipeline for investment has been fully funded and SELEP have advised that they intend to bring a proposal for reinvestment to Strategic Board during 2022/23. Further information on the GPF position can be found in Agenda item 13. Current commitments in the management and oversight of this fund by the Accountable Body extend beyond 2026/27, when the final repayment is currently due.

- 5.1.4. The GPF update report (agenda item 13), also sets out that there has been a default in a loan repayment that was due by March 2022 in respect of the Eastbourne Fisherman's Quayside and Infrastructure Development project totalling £150,000; in line with the credit agreement for this Project, interest of 1.99% will be applied to the full balance of the loan £825,000, until a revised repayment schedule is agreed by the Board or the balance in default is repaid, whichever is sooner. Until a revised repayment schedule is agreed that has been assured by the East Sussex County Council S151 Officer, the repayment of the full outstanding balance of the loan presents a risk to the GPF and the funding available for future reinvestment.
- 5.1.5. Getting Building Fund (GBF) - The Ministry of Housing, Communities and Local Government (now the Department for Levelling Up, Housing and Communities or DLUHC) awarded SELEP Getting Building Fund (GBF) totalling £85m; £42.5m of this fund was awarded and transferred to partners in 2020/21; the remaining £42.5m was received by the Accountable Body in May 2021 and was transferred in full to Partners by 31/03/22. Of the total amount transferred to partners, £20.7m is forecast to be spent in 2022/23. Further information on this fund is set out in Agenda item 5.

6. Reserves

- 6.1. The SELEP 2021/22 budget includes a contribution to the Operational reserve of £78,000; however, the forecast underspend of £235,000, plus the net movement in reserve appropriations of £16,000, increases this contribution to £329,000. A summary of the overall movement in reserves is set out in Table 5; this sets out a net reduction in reserves of £741,000, which takes into account the net contributions to reserves of £3.675m which includes the reserve adjustments agreed by the Board in November 2021 and February 2022 respectively, plus the increase in the forecast contribution to reserves set out in Table 2.

Table 5: 2021/22 Reserves Summary

	Opening Balance Apr '21 £'000	Contributions £'000	Withdrawals £'000	Closing Balance Mar '22 £'000	Net Movement in Reserves £'000
Operational Reserve	972	2,002	(1,673)	1,302	329
Ring-fenced Reserves Earmarked for future use					
Covid-19 Skills Support Fund	2,096	-	(1,424)	672	(1,424)
Covid-19 Business Support Fund	2,396	-	(1,207)	1,189	(1,207)
Redundancy Reserve	-	275	(112)	163	163
Future Commitments Reserve	-	423	-	423	423
Risk Reserve	-	975	-	975	975
Total Reserves	5,465	3,675	(4,417)	4,723	(741)

6.2. The purpose of the Covid-19 reserves are to support the contractual commitments in place to deliver the Skills and Business Support Covid-19 recovery programmes. Both the Skills and the Business Support contracts are due to conclude post 2021/22 (see section 4.3) and require a total of £1.861m of this funding to be carried forward to meet this commitment.

6.3. Due to the on-going uncertainties with respect to the future role and funding for the SELEP, the Accountable Body continues to work with the SELEP CEO to consider the overall funding position to ensure sufficient is available to meet the existing commitments and risks that the Accountable Body is managing on-behalf of SELEP. These include:

6.3.1. Financial oversight, management and reporting on the grant and loan agreements Essex County Council has put in place on behalf of SELEP; the longest agreement currently expires 2026/27;

6.3.2. Costs associated with employing the Secretariat, including potential redundancy costs;

6.3.3. Operational costs of SELEP and any costs specifically associated with the operation of South East LEP Ltd.

6.4. In addition to this, there are several known risks that may require future funding; these are set out in the Operations Report (agenda item 15).

6.5. In recognition of this, the Board agreed to re-prioritise uncommitted funds to establish three ring-fenced reserves in November 2021, which are set out in Table 5. The impact of the proposals is reflected in the provisional outturn in Table 1.

6.6. The level of the reserves is based on the latest estimate of known commitments and risks; this will be subject to review as part of the on-going

financial monitoring and will continue to form part of the reporting to the Board on a quarterly basis. Any changes in the level of reserves will be subject to future decision making by the Board.

7. Impacts for 2022/23 Budget

- 7.1. It should be noted that the balance in the Operational Reserve reflects the funding available to support the SELEP budget into 2022/23; this is currently forecast at £358,000 higher than the position reported when the 2022/23 budget was set in November 2021, due to the reasons set out in Table 2.
- 7.2. In addition to the improved position for 2021/22, the Government have indicated to SELEP that it may be possible to apply for Core funding in 2022/23 of £375,000 (a reduction of £125,000 over previous years), subject to match funding being provided to SELEP. The details on how to apply for this funding and the conditions with respect to the match requirements are currently unknown, but it is assumed that these will reflect the minimum 50% match required in previous financial years, equivalent to £187,500.
- 7.3. In order to be able to secure the match funding required, SELEP are requesting that the Local Authority partners agree the respective contributions set out in Table 6, that have been determined based on the per capita approach applied in prior years. It is intended that the remaining match element is provided by in-kind contributions by the private sector members of the Strategic Board in their wider support for SELEP activities.

Table 6: Proposed Partner Match-Funding Contributions to SELEP

Partner Authority	2021/22 £	Proposed 2022/23 £	Reduction £
East Sussex County Council	19,636	18,000	(1,636)
Essex County Council	53,820	49,335	(4,485)
Kent County Council	54,376	49,845	(4,531)
Medway Council	9,780	8,965	(815)
Southend-on-Sea City Council	6,300	5,775	(525)
Thurrock Council	6,088	5,581	(507)
Total	150,000	137,500	(12,500)
In-Kind Match	100,000	50,000	(50,000)
Total Match	250,000	187,500	(62,500)
Core Grant	500,000	375,000	(125,000)
Total Funding for SELEP	650,000	512,500	(137,500)

Notes:

- Assumes that there is a 50% match requirement and that the match can be applied as in previous years

- Assumes that the in-kind match should reduce back to pre-2021/22 levels due to the risk that some activities will be less than in prior years

- 7.4. A requirement for Core Funding allocations is for SELEP to have published a Delivery Plan that has been agreed by the Strategic Board for 2022/23; currently SELEP have a Delivery Plan that covers quarter 1 of this year only, however, it is understood that a proposed Delivery Plan will be taken to the June 2022 meeting of the Strategic Board for approval.
- 7.5. In line with Government's expectations of LEPs during 2022/23, SELEP is continuing a range of activities which broadly fall into the given categories of supporting local strategic planning, convening the business voice, and delivery. Whilst the SELEP CEO will address this detail at the upcoming June Strategic Board, specific activities in support of local areas undertaken by SELEP include the provision of a robust regional economic evidence base; the convening of the South East Major Projects Group and the associated work around supply chains and skills and the continued resource-intensive delivery of the capital programme at a time when the requirement for accurate reporting and evidence of spend from Government is as acute as ever.
- 7.6. The additional underspend position from 2021/22 set out in Table 2, plus the Core Funding and the Match set out in Table 6 would mean that SELEP potentially have an unbudgeted additional £870,000 to support future operations of the SELEP.
- 7.7. When the 2022/23 budget was set, it was on the basis that the Operational Reserve would be fully utilised to support the budget in this year, which presented a risk for SELEP beyond March 2023; the additional funding identified could enable a lower contribution from reserves in 2022/23 and enable some funding to be available to support operations in 2023/24, if that was the decision of the Board. This could partially mitigate the risk of further redundancies within the SELEP team by April 2023.
- 7.8. The Government have indicated that they anticipate an on-going role for LEPs while local authorities do not have a County Deal¹ in place, but have not committed to on-going funding to support this role. Should Core Funding continue to be offered in future years, however, there will be a requirement for match funding to access this. Partners may want to consider the on-going implications of this requirement.
- 7.9. It is proposed to bring an updated budget position to the July 2022 meeting of the Board to reflect any additional funding agreed and the impact of the updated Delivery Plan to be approved by the Strategic Board in June 2022.

¹ See the Levelling Up White Paper for more information on County Deals [Levelling Up the United Kingdom - GOV.UK \(www.gov.uk\)](https://www.gov.uk/levelling-up-the-united-kingdom)

- 7.10. Table 7 exemplifies the impact on the 2022/23 budget of the proposed contribution from Partners, assuming that this enables a reduction in the contribution from the Operational Reserve – this position will be reassessed as part of the update to the budget in July 2022 to reflect the realignment of expenditure against the updated Delivery Plan.

Table 7: Exemplification of the updated 2022/23 SELEP budget to incorporate the proposed Partner contribution

	Original Budget £000	Proposed Updated Budget £000
Staff salaries and associated costs	764	764
Staff non salaries	7	7
Recharges (incl. Accountable Body)	110	110
Total staffing	881	881
Meetings and admin	33	33
Chair and Deputy Chair Allowance including oncosts	42	42
Consultancy and project work	9	9
COVID-19 Support Programmes	1,189	1,189
Grants to third parties	22	22
Total other expenditure	1,294	1,294
Total expenditure	2,175	2,175
Grant income	(42)	(42)
Contributions from partners	-	(138)
COVID-19 Support Fund	(1,189)	(1,189)
Total income	(1,231)	(1,369)
Net cost of services	944	807
Net Contributions to/(from) Operational reserves	(944)	(807)
Final net position	-	-

8. Financial Implications (Accountable Body comments)

- 8.1. This report has been authored by the Accountable Body and the recommendations are considered appropriate.
- 8.2. A key continuing risk for SELEP remains the lack of assurance of future funding streams from Government; currently no new funding streams are confirmed for 2022/23 onwards.
- 8.3. A number of the SELEP Secretariat staff are funded through specific grants which are only confirmed on an annual basis; this builds in additional risk to assuring employment and delivery; this risk is mitigated through the proposed budget, reserves and planned redundancies.
- 8.4. Given the challenging reserves position for the SELEP, it will be necessary to consider carefully the impact of future decision making, including new funding streams, to ensure that sufficient resources remain available to support any new commitments arising.

9. Legal Implications (Accountable Body comments)

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

10. Equality and Diversity implication

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

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

Role	Date
Accountable Body sign off Stephanie Mitchener (On behalf of Nicole Wood, S151 Officer Essex County Council)	19/05/2022

Forward Plan reference number: FP/AB/528

Report title: SELEP Operations Update	
Report to: Accountability Board	
Report author: Amy Ferraro – Governance Officer	
Meeting Date: 27 May 2022	For: Information
Enquiries to: amy.ferraro@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 be updated on the operational activities carried out by the Secretariat to support both this Board and the Strategic Board. The report includes an update on risk management, compliance with the Assurance Framework and performance against governance KPIs.

2. Recommendations

- 2.1. The Board is asked to:

- 2.1.1. **Note** the proposed changes to the Assurance Framework as described in section 4 of this report;
- 2.1.2. **Note** the update on Assurance Framework compliance monitoring and Governance KPIs at Appendices B and C; and
- 2.1.3. **Note** the changes to the Risk Register at Appendix D.

3. General Operations Update

- 3.1. The results of the Annual Performance Review have been received, with generally positive return. Government have indicated some concerns around delivery which will be raised verbally during the meeting.
- 3.2. SELEP are continuing to co-operate with the Cities and Local Growth Unit's Deep Dive into East Sussex projects where the delivery partner is Sea Change Sussex in line with our Assurance Framework.
- 3.3. The Levelling Up White Paper was published on the 2nd of February, solidifying a future position for LEPs in areas without a Mayoral Combined Authority. Please see Appendix A for a summary of the information relating to LEPs within the White Paper.
- 3.4. The White Paper was followed by a letter to LEPs at the beginning of April which served to provide more detail on the economic growth function of LEPs as well as providing guidance around the devolution agenda and the role that

LEPs are to play in supporting local areas in their transition to any new democratic arrangements, with the functions of LEPs notionally subsumed within new arrangements instituted to support a devolution deal, Mayoral Combined Authorities or otherwise. This letter also provided an indication of 22/23 core funding for LEPs (a reduced amount of £375k). The application process for this is, as yet, unknown.

- 3.5. Building on individual conversations with all members of the board, a report considering the future activities and focus of the LEP will be presented to the June Strategic Board meeting. There will be a reduction in activities due to the reduced core funding budget, please see Agenda Item 14 for more details relating to the financial position.
- 3.6. Requests for information from members of the public with regard to SELEP funded projects in East Sussex have continued. These requests are made in line with the Freedom of Information (FOI) Act and are responded to accordingly, complying with the requirements of the Act.
- 3.7. The rights enshrined in the FOI Act are an important part of transparent governance however the increased workload continues to have an impact on both the Secretariat and Accountable Body resource. This will be further exacerbated by the resize of the team and other changes to personnel. It may become necessary to prioritise the resource available to respond to these requests to the detriment of other activities that are not statutory requirements. The Board will be informed should this course of action be needed.

4. Changes to the National Assurance Framework

- 4.1. The SELEP Framework Agreement requires all changes to the Assurance Framework to be consulted on with Accountability Board before being presented to Strategic Board for consideration. Therefore, the change set out below is presented to this Board for comment but not decision. The decision on the SELEP Local Assurance Framework (LAF) will be presented to Strategic Board in June 2022.
- 4.2. Agenda Item 6 relating to the Getting Building Fund projects forecast to spend past March 2022 includes the option of extending projects for 12 months to 31 March 2023, instead of 6 months to 30 September 2022, which is currently written into the Assurance Framework. If this decision is agreed, then the Board is asked to note this proposed corresponding change to the Assurance Framework.
- 4.3. If the Board decides a variation of the above decision, the Board is asked to note proposed changes to the Assurance Framework to correspond with this decision.

5. Assurance Framework Monitoring

- 5.1. It is the role of the Accountability Board to oversee the implementation of the requirements of the LAF. To receive grant funding from central Government,

SELEP must have in place a LAF which demonstrates full compliance with the National Assurance Framework, published by central Government in January 2019.

- 5.2. An assessment has been made of compliance to the requirements of the current Assurance Framework. The following action is required:

Increasing gender diversity to 50/50 by January 2023	This has been indicated by Government as a target in the National Assurance Framework.
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- 5.3. The Federated Boards and have appointed their Strategic Board representatives for 22/23, with the exception of Success Essex who have appointed on an interim basis for the June meeting pending further recruitment. Given the uncertainties regarding future role of the LEP, terms have been extended for 1 year instead of 2 years to allow for recruitment with more knowledge of the future direction of SELEP at the end of those terms.
- 5.4. The Co-Opted positions have also been appointed for a further year, with the exception of the Essex City/District/Borough Council representative who has been reappointed on an interim basis for the June meeting.
- 5.5. There are ongoing actions that involve keeping deadlines relating to publishing or maintaining up-to-date information, which will continue to be reviewed. More detail can be found at Appendix B.

6. Key Performance Indicators

- 6.1. We are tracking a number of KPIs to ensure there is compliance with the governance requirements in the Assurance Framework. These can be found at Appendix C.
- 6.2. Generally all KPIs are delivering in line with targets. Strategic Board minutes were published 2 days late due to resourcing pressures, which will be re-prioritised to ensure the timely publication of the June minutes. The Secretariat is working with Federated Board officers to improve their publication and Register of Interests KPIs.

7. Risk Register

- 7.1. The receipt of the Levelling Up White Paper and core budget announcement for 2022/23 has reduced the risks relating to uncertainties and the future of the LEP.
- 7.2. The risk related to the workload and wellbeing of the Secretariat (risk number 9) has been downgraded somewhat but continues to be rated as a high risk. The downgrade is as a result of increased certainty around the future of the LEP, however workloads remain high due to the decreased resource. The smaller team is less resilient in the case of long-term illness or resignations due to the lack of capacity/specialisation to provide cover.

- 7.3. Similarly, the risk associated with the recruitment and retention of Board members (risk number 10) has been downgraded. The recent decision by Strategic Board to extend the terms of the Chair and Deputy and the appointment of private sector directors for another 12 months has created a period of stability. As already highlighted, this risk is only temporarily mitigated due to temporary extensions of terms.
- 7.4. Risk 19, the non-achievement of outcomes/outputs of the capital programme has been increased slightly and is now a medium risk. This is because there are a number of concerns about the validity of the output and outcome data that is being reported by delivery partners. A focus on improving this reporting will be made over the next few months, but this will require a commitment from our delivery partners.
- 7.5. The Growth Hub has received a letter of intent indicating that 50% of funding will be available for 2022/23. Working with local partners, a smaller, but familiar version of the existing model, with a stronger onus on virtual provision, is currently being developed. Whilst every effort is being made to ensure delivery and limit risks, the tighter funding envelope and the restrictive timelines make the area of work extremely challenging, particularly because current activities are being undertaken at risk in lieu of funding receipt. Added to this, there is no indication of any Growth Hub funding beyond 22/23 as things stand.
- 7.6. The risk of high levels of staff absences due to COVID19 (risk 34) has been reassessed as low as the Omicron variant case numbers have reduced across the country. The Secretariat continues to work from home and staff are encouraged to be vaccinated. Further variants may occur and business continuity must be a priority of the Management Team on an ongoing basis.
- 7.7. Two new risks have been added to the Register as risk 46 and 47. Risk 46, rated as medium, is a reputational risk related to the increasing numbers of requests for information about projects and questions raised about the delivery of outputs and outcomes of some projects. Internal reviews have confirmed that SELEP policies and procedures have been followed and the capital programme continues to be managed and scrutinised by this Board. Despite this there is a risk that this attention has a detrimental impact on the reputation of the partnership as there may be an assumption of 'no smoke without fire'.
- 7.8. The Secretariat will continue to make timely and fulsome responses to requests for information where that information is held by us or the Accountable Body and we will work with our partners to ensure that their obligations under the SLAs are properly executed. Improvements to output and outcome reporting, as detailed above, will also ensure that any changes to outputs and outcomes against what is detailed in the business cases are managed in the correct way.
- 7.9. The second addition (risk 47 rated as medium) is a risk to the service delivery of the SELEP post the publication of the Levelling Up White Paper. As a direct result of the significant delays to the publication of the White Paper and the changed approach to funding such as the Levelling Up Fund and Community

Renewal Fund, there has been a drop in engagement levels with some stakeholders.

8. Accountable Body Comments

- 8.1. It remains a requirement for SELEP to have an assurance framework in place that complies with the requirements of the National Local Growth Assurance Framework.
- 8.2. The purpose of the Assurance Framework is to ensure that SELEP has in place the necessary systems and processes to manage delegated funding from central Government budgets effectively.
- 8.3. A requirement for the release of Getting Building Fund tranche 2(GBF) grant to SELEP for 2021/22, was that the S151 officer of the Accountable Body had to provide the following confirmation to the Government:
 - 8.3.1. That all the necessary checks have been undertaken to ensure that the SELEP has in place the processes to ensure the proper administration of their financial affairs and that they are being properly administered; and
 - 8.3.2. That the SELEP's Local Assurance Framework is compliant with the minimum standards as outlined in the *National Local Growth Assurance Framework* (2019).
- 8.4. This confirmation was provided to the Government, by the S151 Officer on the 24 February 2022.
- 8.5. The S151 Officer of the Accountable Body is required to ensure that their oversight of the proper administration of financial affairs within SELEP continues throughout the year.
- 8.6. In addition, the S151 Officer is required to provide an assurance statement to Government as part of the Annual Performance Review; this must include information about the main concerns and recommendations about the arrangements which need to be implemented in order to get the SELEP to be properly administered.
- 8.7. At present, no significant issues are arising with regards to the administration of the financial affairs of SELEP for 2021/22, however, a number of risks to the future financial position of SELEP are noted in this report and considered further in the Finance update (agenda item 14)
- 8.8. The outcome of the Annual Performance Review 2021-22 confirmed an outcome of "met" with respect to Governance and Strategic Impact of the LEP; with regards, to Delivery, however, concerns were identified due to delays in delivering some of the Getting Building Fund (GBF) programmes, where a significant proportion of spend of the GBF by Partners will be post March 2022. Government will be reviewing this risk with SELEP through their 2022/23 quarter 1 reporting process. Due to GBF slippage from 2021/22, quarterly

reporting of spend will continue to be a requirement for 2022-23. Government have indicated that future year Core Funding allocations would be subject to achievement of agreed KPIs, including in relation to Programme Delivery – the KPIs will be developed with Government as part of the development of the 2023/24 delivery plan.

9. Financial Implications (Accountable Body comments)

- 9.1. The second half of Core funding for £250,000 was received from Government in December 2021. This has resulted in a better year end position against current year's budget 2021/22 and provides additional options for delivery moving into 2022/23 as reflected in the Finance update (agenda item 14).
- 9.2. The current level of reserves is sufficient to support the SELEP budget for 2022/23. A letter has now been received following the outcome of the LEP review from Government setting out the future role and direction of LEPs, and providing an indication of 2022/23 core funding for LEPs at a reduced amount for SELEP of £375,000. The application process is not yet clear however, there is a requirement for LEPs to publish their delivery plans for the coming year (2022/23) by 30 June 2022 at the latest. This is in line with the existing timeline for SELEP with a decision to agree the Delivery Plan for 2022/23 to be taken to June 2022 Strategic Board. There is also a requirement for match funding, as in previous years – this is considered further in the Finance Update (item 14). The Accountable Body will continue to work closely with SELEP to assess the implications of LEP review and to plan for mitigating action which may be required to ensure the SELEP cost base remains within available funding.
- 9.3. Currently there remains no assurance from Government of grant funding beyond 2022/23 however the letter received from Government refers to the requirement for LEPs to submit draft delivery plans for 2023/24 by 25 November 2022. These would be subject to agreement by Government and would be subject to meeting agreed delivery and performance metrics.
- 9.4. Essex County Council, as the Accountable Body for the SELEP, is only able to meet funding commitments made by the SELEP, where it is in receipt of sufficient funding to do so and any spend is in line with the requirements of the Local Assurance Framework and any conditions associated with individual funding allocations.

10. Legal Implications (Accountable Body comments)

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

11. List of Appendices

- 11.1. Appendix A – LEP Network White Paper Summary
- 11.2. Appendix B – Assurance Framework Monitoring
- 11.3. Appendix C - Governance and Transparency KPIs

11.4. Appendix D – Extract from Risk Register

12. List of Background Papers

12.1. None

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

Role	Date
Accountable Body sign off Stephanie Mitchener (On behalf of Nicole Wood, S151 Officer, Essex County Council)	 19/05/2022

The well trailed Levelling Up White Paper was published on 2nd February and confirmed that LEPs would continue to play a key role in supporting the levelling up agenda across England.

While much more work is needed to flesh out the detail of what the LEP role will look like, it is clear that the government values many of the functions we highlighted through the LEP Review, from strategic planning and convening partners through to business support and skills initiatives. This provides a solid platform on which to begin the next phase of our engagement with officials.

The White Paper confirmed:

“Institutions such as Local Enterprise Partnerships (LEPs) play an **important role** in bringing together stakeholders from local authorities and businesses. According to the LEP Census, the majority of LEPs perceive that they have formed **strong working relationships** with local authorities and higher education providers (shown in Figure 1.61). However, some LEPs perceive that businesses do not play a full and active role. The capacity and capability of LEPs also differs significantly across different parts of the UK.

For the last decade, LEPs have acted as **important organisational means** of bringing together businesses and local leaders to drive economic growth across England. They have also been responsible for the delivery of a number of major funding streams. It is **important to retain** the key strengths of these local, business-oriented institutions in supporting private sector partnerships and economic clusters, while at the same time better integrating their services and business voice into the UK Government’s new devolution plans.

To that end, the UK Government is **encouraging the integration of LEPs** and their business boards into MCAs, the GLA and County Deals, where these exist. Where a devolution deal does not yet exist, LEPs will continue to play their vital role in supporting local businesses and the local economy. Where devolution deals cover part of a LEP, this will be looked at on a case-by-case basis. Further detail on this transition will be provided in writing to LEPs as soon as possible.

The UK Government recognises the **convening power** of these groups and is committed to working with stakeholders to strengthen and deepen partnership working to drive local growth. Initiatives such as the Western Gateway, an economic partnership of local authorities, city regions, LEPs and governments in the West of England have demonstrated the benefits that can be achieved through effective cross-border collaboration.

Looking ahead, and supporting these efforts, a number of new UK Government initiatives to support **private sector partnerships and clusters** are underway. For example, the Government is investing £100m to pilot three new **Innovation Accelerators** in West Midlands and Greater Manchester. These are intended to boost economic growth by investing in R&D strengths, attracting new private investment, boosting innovation diffusion, and maximising the economic impact of R&D institutions. Each Accelerator will develop a plan to grow their local innovation ecosystem, receiving bespoke support from the UK Government.”

Turning to the wider White Paper, the document sets out twelve “**clear and ambitious medium-term missions**” with timed target objectives through to 2030 – in the areas of:

1. **Living Standards:** By 2030, pay, employment and productivity will have risen in every area of the UK, with each area containing a globally competitive city, and the gap between the top performing and other areas closing.
2. **R&D:** By 2030, domestic public investment in R&D outside the Greater South East will increase by at least 40%, and over the Spending Review period by at least one third. This additional government funding will seek to leverage at least twice as much private sector investment over the long term to stimulate innovation and productivity growth.
3. **Transport Infrastructure:** By 2030, local public transport connectivity across the country will be closer to the standards of London, with improved services, simpler fares and integrated ticketing.
4. **Digital Connectivity:** By 2030, the UK will have nationwide gigabit-capable broadband and 4G coverage, with 5G coverage for the majority of the population.
5. **Education:** By 2030, the number of primary school children achieving the expected standard in reading, writing and maths will have significantly increased. In England, this will mean 90% of children will achieve the expected standard, and the percentage of children meeting the expected standard in the worst performing areas will have increased by over a third.
6. **Skills:** By 2030, the number of people successfully completing high-quality skills training will have increased in every area of the UK. In England, this will lead to 200,000 more people successfully completing high quality skills training annually, driven by 80,000 more people completing courses in the lowest skilled areas.
7. **Health:** By 2030, the gap in Healthy Life Expectancy (HLE) between local areas where it is highest and lowest will have narrowed, and by 2035 HLE will rise by five years.
8. **Wellbeing:** By 2030, well-being will have improved in every area of the UK, with the gap between top performing and other areas closing.
9. **Pride in Place:** By 2030, pride in place, such as people’s satisfaction with their town centre and engagement in local culture and community, will have risen in every area of the UK, with the gap between top performing and other areas closing.
10. **Housing:** By 2030, renters will have a secure path to ownership with the number of first time buyers increasing in all areas; and the government’s ambition is for the number of non-decent rented homes to have fallen by 50%, with the biggest improvements in the lowest performing areas.
11. **Crime:** By 2030, homicide, serious violence and neighbourhood crime will have fallen, focused on the worst affected areas.
12. **Local Leadership:** By 2030, every part of England that wants one will have a devolution deal with powers at or approaching the highest level of devolution and a simplified long-term funding settlement.

These missions will guide the UK’s approach to levelling up over the **next decade** and set the medium-term ambition of the government and are an anchor for the expectations and plans of the private sector and civil society. An initial suite of headline and supporting metrics for measuring and tracking progress against levelling up outcomes are set out in a **separate document** which is published with the White Paper.

The mission objectives will be governed by four parameters:

1. **Improved transparency about place-based spending:** The spatial pattern of UK Government spending and funding allocations is often unclear due to a lack of high quality, granular data. This means government policy is sometimes acting in a “place-blind” way.
2. **Hardwiring spatial considerations into decision-making and evaluation:** The spatial impact of policy, and the evaluation of those decisions locally, is often not hardwired into central government decisions and processes, sometimes leading to outcomes that are contrary to the objectives of levelling up.
3. **Improved coordination of central government policies at the local level:** Uncoordinated and siloed policy from the centre can complicate decision-making at the local level. This is particularly salient in the case of local growth funding, with multiple pots each with their own reporting requirements.
4. **Greater focus on local places:** The distance between the officials who design policy nationally and those who are affected by them locally, can mean policy is insufficiently place sensitive.

UK Government will create **a new regime to oversee its levelling up missions**, establishing a statutory duty to publish an annual report analysing progress and a **new external Levelling Up Advisory Council**.

The Government has also set up a new **Levelling Up Cabinet Committee** tasked with embedding levelling up across central government policy design and delivery. The committee will work directly with local leaders to improve the clarity, consistency and coordination of policy. It is chaired by the Secretary of State for Levelling Up, Housing and Communities and will:

- embed levelling up policies across government, ensuring these reflect the needs of places and people, and align with the missions;
- work directly with places, putting local ideas and innovations at the heart of government and supporting local leaders to tackle their local challenges;
- deliver measurable change, by monitoring progress on policies that contribute to delivering against the missions, including the policies in this paper and those developed subsequently; and
- drive forward the new framework for devolution, by empowering local leaders and communities and improving accountability mechanisms.

The government is pursuing a new approach to places through **Levelling Up Directors**. Levelling Up Directors will act as a single point of contact for local leaders and a first port of call for new and innovative local policy proposals. They will be based in the areas they have responsibility for and will bring together government policy and delivery, aligning decisions and funding to support local and national strategic objectives. The new Levelling Up Directors will also support the **development of clusters** across the UK, and they will work closely with the **Centre for Thriving Regions**, a proposal recently put forward by the CBI. These roles will have the following objectives:

- building local capacity and capability, especially where it is thin;
- improving the evidence base for local decision-makers, working with the ONS, and evaluating what works using data, statistics and analysis;
- catalysing local change and championing local ideas within government;
- bringing strategic coherence, coordination and flexibility to government intervention in places;
- forming a key bridge between local actors and central government; and
- acting as champions for their places.

Page 221 of 241

The UK Government will set out a plan for **streamlining the funding landscape** this year which will include a commitment to help local stakeholders navigate funding opportunities and reducing the unnecessary proliferation of individual funding pots with varied delivery approaches.

The government will set out a **new devolution framework** for England. The **preferred model** of devolution is one with a directly-elected leader covering a well-defined economic geography with a clear and direct mandate, strong accountability and the convening power to make change happen. However, because this may not suit all areas, the framework sets out a **flexible, tiered approach**, allowing areas to deepen devolution at their own pace. Four principles will define it:

1. **Effective leadership:** Powers should be devolved to authorities which have the necessary structures and leadership for clear, strong local decision-making.
2. **Sensible geography:** new devolution deals will be based on geographies that are locally recognisable in terms of identity, place and community, as well as being sensible economic areas that join up where people live and work.
3. **Flexibility:** Devolution deals will be tailored to each area, with not every area necessarily having the same powers.
4. **Appropriate accountability:** Accountability measures for devolution deals will sit with the broader Local Government Accountability Framework.

Around 40% of the population of England are currently covered by a devolution deal. **Extending devolution in England** means:

- inviting Cornwall, Derbyshire and Derby, Devon, Plymouth and Torbay, Durham, Hull and East Yorkshire, Leicestershire, Norfolk, Nottinghamshire and Nottingham, and Suffolk to start formal negotiations to agree new County Deals, with the aim of agreeing a number of these deals by autumn 2022;
- taking forward negotiations to agree an MCA deal with York and North Yorkshire and an expanded MCA deal for the North East; and confirming that other areas, particularly those with broadly similar circumstances to North Yorkshire and York have the opportunity to consider their interest in an MCA devolution deal – for instance, the UK Government will work to secure a mayoral deal in Cumbria and similar areas.

Deepening devolution in England means that:

- the UK Government will open negotiations immediately on trailblazer deals with the West Midlands and Greater Manchester, which will act as the blueprint for other MCAs to follow;
- working with MCAs, initially as part of the trailblazer deals, to explore options to streamline the funding landscape for MCAs; and inviting other MCAs and the GLA to bid for sweeping further powers, through the new devolution framework.

Simplifying devolution in England means:

- setting out the UK Government's new devolution framework to provide greater clarity on the devolution offer across England; and
- seeking to legislate to establish a new form of combined authority model to be made up of upper-tier local authorities only (e.g. a county council and its associated unitary councils); providing a single, accountable institution across a functional economic area or whole county geography; district councils can be non-constituent members; and county councils will be expected to work closely with their district councils.

Page 222 of 241

The government wants to encourage **private sector-led partnerships** across the UK, especially when these coincide with existing or potential new clusters of business activity. These initiatives should ideally seek to coordinate action not just across the private sector, but in partnership with local and central government, and local education and research institutions. Examples of these initiatives include the proposal being developed by local businesses for the Humber; and a WMCA led public-private sector partnership to realise the ambition of the West Midlands to become a “smart city” region.

The UK Government is establishing a **new independent body in England** focused on data, transparency and robust evidence. This will enhance the UK Government’s understanding of **place-based leadership**, quality of local service delivery and organisational efficacy. Before new devolution deals are agreed, a **new accountability framework** will be finalised that will apply to all devolved institutions in England.

The UK Government is keen to **strengthen the role of local stakeholders** in the broader employment landscape, using local insight and expertise to shape the UKSPF and future national employment provision. This increased partnership working will build on existing work to engage local stakeholders in the procurement and implementation of contracted employment programmes of appropriate scale. Work with local stakeholders to **shape the UKSPF** and with level 3 devolution deal areas to shape contracted employment programmes will help meet local and national priorities.

Reorganisation will remain a locally-led avenue available where there is broad local support, but will not be a requirement for a **devolution deal**. The UK Government intends to follow an **incremental approach**, using existing legislation to work with areas which are seeking to establish reformed local governance structures.

Government will support **private sector clusters**, existing and embryonic, providing an enabling environment within which innovation and business can flourish. That means ensuring the right sets of skills exist, the necessary digital and physical infrastructure is in place, adequate and appropriate financing has been secured, and an appropriate regulatory framework is operating. By providing these foundations locally, government can help to catalyse private sector innovation, job creation and growth.

The role played by government in securing these outcomes needs to be tailored to local circumstances and opportunities. There is a **spectrum of possible interventions** to achieve these objectives as follows:

- **Convening.** By convening and bringing together stakeholders, government can help design and deliver a local transformation plan. It is important to strengthen and deepen these partnerships over strategic geographies.
- **Influencing.** By signalling its support for initiatives, government can encourage private sector stakeholders to take forward investment and financing. For example, pan-regional partnerships provide an extended network of collaborators and a strong regional brand. The Northern Powerhouse and the Midlands Engine have provided an opportunity for partners to collaborate at scale and prioritise areas of common interest. Because these partnerships cover large populous regions, with distinct histories, strengths and challenges, they are an important partnership model for levelling up.
- **Informing.** By providing information, advice, and practical assistance, government can support business clusters.

- **Funding.** By using seed financing, government can de-risk private sector activity and crowd-in private finance. One example is the £5m provided to Northern Gritstone, a ground-breaking new investment company based in the north of England founded by the Universities of Leeds, Manchester and Sheffield. This aims to be one of the largest investors in academic spin-outs in the UK and is on track to raise £500m to support commercialisation of projects from northern universities.
- **Business environment.** By creating a streamlined, effective and stable regulatory environment which supports the private sector to invest over the longer term, government can catalyse private financial flows to local businesses and projects.

Over time, the UK Government, through the ONS and the Integrated Data Services Platform (IDSP) will expand its use of **new and administrative data** to improve the timeliness and granularity of **local data** made available to central government departments, including DLUHC local government finance functions.

The UK Government will introduce a **statutory obligation to report annually on progress** towards meeting the Levelling Up missions. The report will draw on the metrics set out in this White Paper and provide rigorous analysis and monitoring of progress in reducing regional disparities.

The government is creating a **Levelling Up Advisory Council**. The Council will be charged with providing independent expert advice on matters relating to the design and delivery of levelling up. Its analysis will be commissioned and published, at the discretion of the Levelling Up Cabinet Committee. The new Levelling Up Advisory Council will **launch an expert sub-committee** on regional adoption and diffusion infrastructure – exploring how to improve the uptake of productivity-enhancing technologies and management practices by businesses.

The Government also identifies four **high-level objectives for public policy**:

- boost productivity, pay, jobs and living standards by growing the private sector, especially in those places where they are lagging;
- spread opportunities and improve public services, especially in those places where they are weakest;
- restore a sense of community, local pride and belonging, especially in those places where they have been lost; and
- empower local leaders and communities, especially in those places lacking local agency.

Government will empower decision-makers in local areas by providing leaders and businesses with the tools they need. **A new framework** will extend, deepen and simplify local devolution in England. Ongoing support will be provided to existing City and Growth deal areas in Scotland, Wales and Northern Ireland, pan-regional partnerships like the Northern Powerhouse and Midlands Engine, and local private sector initiatives. The UK Government will support existing and embryonic private sector clusters of economic activity, which exist in all parts of the UK and are the wellspring of new innovation and job creation.

Relevant policy initiatives include:

A series of new **Research and Development (R&D)** investments will strengthen our science base across the country. The increase in public R&D investment to £20bn by 2024-25 and the target for total UK R&D investment to reach 2.4% of GDP by 2027 must see every region of the UK experience

an uplift in investment. The Department for Business, Energy and Industrial Strategy (BEIS) will aim to invest at least 55% of its total domestic R&D funding outside the Greater South East by 2024-25;

UK Government will target £100m of investment in three new **Innovation Accelerators**, private-public-academic partnerships which will aim to replicate the Stanford-Silicon Valley and MIT-Greater Boston models of clustering research excellence and its direct adoption by allied industries. These pilots will be centred on Greater Manchester, the West Midlands and Glasgow City-Region. These new clusters will be our Fourth Industrial Revolution Foundries, leveraging our global lead in scientific research.

They will empower local areas by bringing together national and local government, industry and R&D institutions in a **long-term partnership**. Each Accelerator will see local consortia developing a plan and identifying transformational projects to grow their innovation ecosystem. This may also include working with partners outside of the immediate geography as is necessary. They will receive bespoke support from the UK Government, led by BEIS in partnership with other departments and their regional teams. BEIS will work with the pilot places, and central government departments to design this support, so it aligns to the characteristics and needs of each individual pilot place.

The government will support all LTAs by publishing **new guidance on Local Transport Plans**, so that all LTAs can deliver updated plans by the end of this Parliament, with clear project pipelines and comprehensive strategies to improve local transport for people and reduce carbon emissions. The UK Government will also **explore regional centres of excellence** that can provide bespoke support to LTAs. Future funding will be dependent on the delivery of these plans and wider LTA performance.

The government will publish the **Wireless Infrastructure Strategy**. This will review how far the private sector will go to deliver wireless infrastructure – including 5G – across the country, and determine whether there are any market failures in places that need to be addressed.

The UK Government continues to work with local leaders to develop **Local Digital Skills Partnerships**. These collaborative partnerships are now operating in seven regions across England, with an eighth formally launching in Hull and East Yorkshire in early March. The UK Government will work with devolved administrations to consider how best to share the insights and evaluation of the programme to help build digital skills capability across the UK.

The government will roll out **employer-led Local Skills Improvement Plans (LSIPs)** across England, together with supporting funding, looking to prioritise areas with the most pressing skills needs. Employers, convened by employer representative bodies, will work with providers, MCAs where relevant, and other stakeholders to develop LSIPs, setting out the key changes needed in a place to make technical skills training more responsive to skills needs. The UK Government is also legislating to put these employer-led LSIPs on a statutory footing through the Skills and Post-16 Education Bill.

The government also intends to **reform funding and accountability for further education**. The quadrupling of places in England on **Skills Bootcamps**, announced at SR21, will ensure that acute national and local skill shortages can be addressed at speed. The UK Government will bring greater alignment to the delivery of employment and skills interventions in **new Pathfinder areas**. These will bring together local delivery partners from DWP and DfE, including Jobcentre Plus, careers services, local employers, education and training providers, and local government to respond to intelligence about local employers' skills needs,

The government has also announced nine new **Institutes of Technology** (IoT) across England, building on the 12 already established since 2019 and taking the total to 21. The lead organisations for the nine new IoTs and the wider areas they will cover are:

- a. Blackpool and The Fylde College (Lancashire LEP area);
- b. Cheshire College South and West (Cheshire and Warrington LEP area);
- c. Chichester College Group (Coast to Capital LEP area);
- d. DN Colleges Group (Sheffield City Region LEP area);
- e. Newcastle and Stafford Colleges Group (Stoke on Trent & Staffordshire LEP area);
- f. Solent University (Solent LEP area);
- g. South Essex College (South East LEP area);
- h. University of Derby (D2N2 and Leicestershire LEP areas); and
- i. University of Salford (Greater Manchester LEP area).

The government will proactively identify and engage with **20 places in England** that demonstrate strong local leadership and ambition and where the impact of existing investment can be maximised to catalyse economic transformation. The focus will be on places that will particularly benefit from **regeneration** – where regeneration will lead to increased local prosperity, improved social mobility and bolstered pride of place.

The government has set itself one core mission on **local devolution**. It will support wider place leadership throughout the UK through **private sector-led partnerships** and local growth funds.

Integrated Rail Plan, improving the rail network in the North and Midlands, and investing £24bn in our busiest roads and motorways, £5.7bn in City Region Sustainable Transport Settlements and £5bn for buses, cycling and walking networks.

Government will enhance **digital connectivity** through Project Gigabit and the Shared Rural Network so that by 2030, the UK Government and private sector will deliver nationwide gigabit-capable broadband and 4G coverage, with 5G coverage for the majority of the population.

The funding of courses and the **governance of colleges** will be overhauled in line with employers' needs. **Local Skills Improvement Plans**, together with supporting funding, will be set up across England to set out the key changes needed in a place to make technical skills training more responsive to skills needs. Nine new Institutes of Technology with strong employer links will be established in England, helping to boost higher technical skills in STEM subjects.

The Department for Work and Pensions (DWP) will provide £1.3bn over the SR21 period to provide employment support for disabled people and people with health conditions. This builds on the **National Disability Strategy**, Health and Disability Green Paper and Health is Everyone's Business consultation.

Government aims to have significantly increased the number of people to have successfully completed **high quality skills training** in every part of the UK, including 200,000 more people successfully completing high quality skills training annually in England, driven by 80,000 more people completing courses in the lowest skilled areas.

We will also **regenerate 20 of our towns and cities** by assembling and remediating brownfield land and working with the private sector to bring about transformational developments combining housing, retail and business in sustainable, walkable, beautiful new neighbourhoods. These new

developments amongst others will be supported by an Office for Place which will pioneer design and beauty, promoting better architectural aesthetics to ensure they enhance existing settlements, gladden the eye and lift the heart.

Government will publish a second **report on rural proofing** in England this spring. This report will set out how government departments are working to support levelling up in rural areas, through targeted approaches where needed, and how we are strengthening the rural economy, developing rural infrastructure, delivering rural services and managing the natural environment.

Government will deepen and **simplify devolution across England** so that by 2030, every part of England that wants one will have a devolution deal with powers at or approaching the highest level of devolution with a simplified, long-term funding settlement.

Introducing a **new model for counties with mayors or “governors”**. We will open negotiations on **trailblazer deeper devolution** deals with the West Midlands and Greater Manchester combined authorities. These deals will act as the blueprint for other mayoral combined authorities (MCAs) to follow, with bids for more powers welcome. We will likewise recast the geography of MCAs, where necessary, to ensure there is greater economic coherence. We will further invite nine areas to agree new County Deals and seek to agree further MCA deals, extending devolution to much more of England. **A new independent body** will be set up to drive this, empowering citizens, strengthening local leaders’ knowledge of their services, and increasing central government’s understanding of the sector.

The UK Government has put into law a **Net Zero** emissions target by 2050. This structural shift could have large and long-lasting effects on virtually every aspect of the economy, including jobs and skills, infrastructure and technology, and investment and innovation. The Net Zero transition could create huge opportunities for many of the UK’s left-behind places, but also poses risks for them which, if unmanaged, could be damaging.

Past policy initiatives have not been sufficient to arrest the rise in geographic disparities over the second half of the 20th century in the UK. HMG identifies five key shortcomings in policy:

1. longevity and policy sufficiency;
2. policy and delivery coordination;
3. local empowerment;
4. evidence, monitoring and evaluation; and
5. transparency and accountability.

Resolving geographic disparities will require a fundamental rewiring in the system of decision-making, locally and nationally, across the UK. Learning the lessons of past experience, the following five pillars should underpin this policy regime:

- a) medium-term missions;
- b) reshaping central government decision-making;
- c) empowering local decision-making;
- d) data, monitoring and evaluation; and
- e) transparency and accountability.

Next Steps

The government will put in place a comprehensive process of **engagement and informal consultation** to inform levelling up delivery and future policy-making. Some of the key elements of this process include:

- a structured process of **visits, at ministerial level**, across the whole of the UK in the months following publication of the White Paper, to discuss how levelling up can be successfully achieved in that area and to gather feedback;
- an ongoing, long-term **commitment for further ministerial visits** across the whole of the UK, to update on progress on the policy programme and missions;
- setting up **local panels**, drawn from a wide range of stakeholders, to serve as a sounding board on levelling up delivery and implementation, working closely with the new Levelling Up Directors once established;
- **annual reports** summarising the key messages from these local panels, which will feed into the UK Government's Cabinet Committee on Levelling Up; and
- an **online space** where local ideas, proposals and initiatives around levelling up can be heard and co-ordinated, to spread knowledge and understanding of what has worked locally and to foster innovation and experimentation.

This document provides many opportunities for LEPs and given the fresh mandate we have now been given, the LEP Network will begin the next phase of discussions with officials on the role we can play in the Levelling Up agenda.

February 2022



SOUTH EAST
LOCAL ENTERPRISE
PARTNERSHIP

ASSURANCE FRAMEWORK MONITORING

Updated May 2022

Page 229 of 241

UPDATED PAGE NUMBER (ignore above)
Page 284 of 296



ONGOING ACTIONS

INCORPORATION

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

BOARD COMPOSITION

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

DECLARING INTERESTS

Requirement	Status
To publish all Registers of Interest on the SELEP website for all Strategic Board, Accountability Board and Federated Board members, with signatures redacted.	Federated Boards need to update their registers urgently as there are many out of date (particularly KMEP). Decision-making Boards (SELEP Strategic and Accountability Board) are all published and up to date.
Declarations of interest must be noted at the outset of each meeting.	COMPLETE/ONGOING
All members of the Strategic Board, Accountability Board and Federated Boards are required to complete a Register of Interests form.	COMPLETE/ONGOING
All senior members of staff or staff involved in advising on decisions must also have a valid register of interests, reviewed the same as for board members.	COMPLETE/ONGOING

CAPITAL PROJECTS

Requirement	Status
To use the SELEP Business Case Template for all strategic outline business cases.	COMPLETE/ONGOING
To inform the Accountability Board where there are concerns around a project, including presenting the Board with legal options around recovering funding	COMPLETE/ONGOING
Implementing the monitoring and evaluation of projects including reporting on delivery of outputs and outcomes against the delivery of the ESS/Recovery and Renewal Strategy	ONGOING

POLICIES AND PROCEDURES

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

ACCOUNTABLE BODY

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

Page 231 of 241

PUBLISHING INFORMATION

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

Appendix C - Governance Key Performance Indicators

Forward Plan of Decisions

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

Meeting date	Met (Y/N)?
10/09/21	Y
19/11/21	Y
11/02/22	Y
27/05/22	Y

Publication of Papers

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

Board	Meeting date	Met (Y/N)?	Meeting date	Met (Y/N)?	Meeting date	Met (Y/N)?	Meeting date	Met (Y/N)?
Accountability Board	02/07/21	Y	10/09/21	Y	19/11/21	Y	11/02/22	Y
Strategic Board	25/06/21	Y	01/10/21	N	10/12/21	Y	18/03/22	Y
SE	27/09/21	N	01/11/21	N	06/12/21	N		
KMEP	22/07/21	Y	16/09/21	N	25/11/21	Y	28/03/22	Y
OSE	15/09/21	N			01/12/21	N	09/03/22	N
TES	27/09/21	Y	01/11/21	Y	06/12/21	Y	14/03/22	Y

Draft Minutes

Are all draft minutes published within 10 clear working days following the meeting?

Board	Meeting date	Met (Y/N)?	Meeting date	Met (Y/N)?	Meeting date	Met (Y/N)?	Meeting date	Met (Y/N)?
Accountability Board	02/07/21	Y	10/09/21	Y	19/11/21	Y	11/02/22	Y
Strategic Board	25/06/21	Y	01/10/21	Y	10/12/21	Y	18/03/22	N
SE	27/09/21	N	01/11/21	N	06/12/21	N		
KMEP	22/07/21	N	16/09/21	N	25/11/21	Y	28/03/22	N
OSE	15/09/21	N			01/12/21	N	09/03/22	N
TES	27/09/21	Y	01/11/21	Y	6/12/21	Y	14/03/22	Y

Final Minutes

Are final minutes published within 10 clear working days following approval?

Board	Meeting date	Met (Y/N)?	Meeting date	Met (Y/N)?	Meeting date	Met (Y/N)?	Meeting date	Met (Y/N)?
Accountability Board	12/03/21	Y	02/07/21	Y	10/09/21	Y	19/11/21	Y
Strategic Board	19/03/21	Y	25/06/21	Y	01/10/21	Y	10/12/21	Y
SE	01/06/21	N	02/08/21	N	27/09/21	N	06/12/21	N
KMEP	19/05/21	N	22/07/21	N	16/09/21	N	25/11/21	N
OSE	19/05/21	N	15/09/21	N			01/12/21	Y
TES	14/06/21	Y	19/07/21	Y	27/09/21	Y	6/12/21	Y

Registers of Interest- Board Members

Are registers of interests in place for all board members?

Board	Comments
Accountability Board	All complete and up to date
Strategic Board	All complete and up to date
SE	Working with new staff members to confirm information and update website.
KMEP	There are some registers missing/out of date. KMEP officers are working to resolve this before the meeting.
OSE	One being confirmed, otherwise all complete and up to date.
TES	All complete and up to date

Registers of Interest - Officers

Are registers of interest in place for all officers?

Category	Percentage completed
SELEP Secretariat	100%
Accountable Body	100%
Federated Board Lead Officers	Some now out of date, in process of updating.

Declarations of interests in meetings

Are all interests declared and recorded in the meetings as a standing item with a note of any actions taken?

Board	Met (Y/N)?
Accountability Board	Y
Strategic Board	Y
Investment Panel	Y
SE	Y
KMEP	Y
OSE	Y
TES	Y

Business Case Endorsement

Have all new and amended projects/business cases been endorsed by the respective Federated Board in advance of submission to any of the SELEP boards?

Board	Met (Y/N)?	Comments
LGF	Y	Through prioritisation process for LGF3b
GPF	Y	Through prioritisation process
SSF	Y	Applications are considered by Federated Boards in advance of being brought forward for Strategic Board endorsement.

Publication of Business Cases

Are all business cases published 1 month in advance of funding decisions at Accountability Board meetings?

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

Date	Percentage of female board members (excluding co-opted)
24/05/19	18%
05/08/19	21%
28/01/20	25%
16/04/20	35%
01/02/21	35%
10/06/21	35%
22/10/21	35%
18/05/22	35%

South East LEP**Risk Register - medium and high risks only**

Ref	Risk Title and overview	Likelihood	Impact	Score	Rank	Description	Mitigation	Risk Owner	Dates/ Deadlines
Risks Related to the Team/Service Delivery									
9	Workload/Team wellbeing Risk	4	5	10	Med	The Levelling Up White Paper has been published, establishing a role for LEPs going forward which has increased morale, however more details around the activities of the LEP need to be solidified. The implications of a reduced team has been communicated to the Board and workload planning for next year is on the basis of available resource.	Planning for 2022/23 is being made on the basis of the resource available and communications to Boards and key stakeholders are being made, setting out those activities that can no longer be managed. The CEO is working closely with the management team and Accountable Body to pick up the work previously undertaken by the COO	All Man Team	Ongoing
10	Recruitment and Retention of Board Members Risk	2	5	8	Low	The Chair, Deputy Chair and private sector Board members have been reappointed for this financial year. This risk has reduced in the near term, but the risk still exists for the period beyond March 2023, especially if there are significant changes to the priorities and activities of SELEP that may affect public and private sector engagement.	Clear communication and engagement with public and private stakeholders to improve retention. Recruitment activities to start at the June 2022 Strategic Board meeting to appoint a new Chair for March 2023.	CEO	31/03/2023
34	COVID-19 - Secretariat Risk	3	4	8	Low	Risk that the operations and activities of the Secretariat are impacted by members of the team being unwell and unable to work. It seems likely that further waves of variants could impact on staffing levels in future	Remote working for the Secretariat is continuing for the foreseeable future. Team members have been encouraged to get vaccinated. Management Team to consider business continuity issues on a regular basis and ensure that safeguards on priority activities are put into place as far as possible	All Man Team	Ongoing
35	COVID-19- Board Risk	3	4	12	Med	Risk that business cannot be conducted at Board meetings because insufficient Board Members are available to meet quorate requirements. Whilst Strategic Board can meet virtually and virtual meetings are now well established, Accountability Board must meet in person to be to take decisions. A hybrid approach has been set up but the quorum for Accountability Board is small as a result of the limited numbers of voting members. If Accountability Board voting members do have to self isolate, there is limited resilience on the quorum	The Secretariat will work with Accountability Board members and their supporting officers to identify potential deputies for the meetings and ensure that DoI etc are in place and up to date for short notice replacements.	CEO	Ongoing
47	Risk to service delivery from lack of engagement by stakeholders	3	4	10	Med	As a direct result of the delays to publication of the outcomes of the widely publicised LEP Review there has been an appreciable move away from the LEP by some key stakeholders. Whilst this is understandable given the uncertainties, now there is an established ongoing role for LEPs then the rebuilding of relationships with stakeholders will be prioritised.	The CEO is overseeing a programme of re-engagement with stakeholders based on the agreed role for the SELEP	CEO	Ongoing

Risk Register - medium and high risks only

Ref	Risk Title and overview	Likelihood	Impact	Score	Rank	Description	Mitigation	Risk Owner	Dates/ Deadlines
Risks Related to Outcomes/Outputs of Programmes									
19	Non achievement of Outcomes/Outputs of the Capital Programme	3	4	12	Med	Given the impact of lockdown on the economy, there is now a risk that not all of the outcomes and outputs that were stated in the business cases for both GPF and LGF projects will be achieved. However the economy is recovering more strongly than originally thought. This recovery is not standard across all sectors so some projects may have more exposure than others but this will be managed within the normal risk management of the programme. This risk has been slightly elevated due to the lack of robust reporting on delivery of outcomes and outputs meaning that non-delivery may be occurring with no visibility	The capital programme continues to be closely monitored and the team work closely with delivery partners. The team is also providing regular updates to HMG. All known changes to GBF outcomes and outputs have been approved by CLGU. An exercise to rebase the outcomes of the programme will be undertaken this financial year. Further work on the robustness of monitoring and evaluation data is required during 2022/23. Quality of information provided from delivery organisations will need to improve	H Dyer	Ongoing
29	Uncertainty in application of LGF grant awarded to Hadlow College	5	4	20	High	£11m of LGF funding across 4 projects has been awarded to Hadlow College which entered into Education Administration in 2019. It is currently unclear whether the outputs and outcomes related to this funding will be delivered. Whilst the educational activities have resumed at the college, the grant agreements have not transferred to the new providers and therefore SELEP may be unable to recoup any monies that were not applied in line with the agreement. The Secretariat and the Accountable Body have responded to queries from the Education Administrators, BDO. There is a potential risk that monies weren't utilised in line with the grant agreement in place between the Accountable Body, on behalf of SELEP, and the college. If grant monies weren't correctly utilised, the outputs and outcomes in the business case will not be delivered or not delivered in full.	The Secretariat and the Accountable Body are in contact with BDO but the administration process is lengthy. Creditors have been raised with the administrators by the Accountable Body with respect to the investments made. We have made the MHCLG (LGF awarding body) aware of the position and responded to their queries in this respect. Consideration has been given, and an update provided to the Board, as to what protections can be put into place to prevent this situation occurring in future, recognising that any action needs to be proportionate and balance the risk against the resource impact.	CEO	Ongoing
40	Getting Building Fund Risk - programme delivery	4	3	12	Med	The original GBF programme required all funding to be spent by 31 March 2022 and all projects to be substantially delivered. Whilst a process has been agreed to allow projects come forward for limited extensions to project spend and delivery periods there are still tight deadlines to work to and there is a reputational risk should SELEP not be able to deliver the full programme. The likelihood of this risk occurring is increased by the delay to HMG providing the grant determination and the introduction of a time consuming change control process. However, HMG scrutiny of progress has decreased in recent months as their focus has shifted to new funding streams, not managed by LEPs	Programme slippage is being managed by both Accountability and Strategic Board. An agreed process has been introduced to manage delays to GBF projects, similar to that used by LGF. The Programme is being actively managed with funding being reallocated to other projects. Extensions to some projects has made	H Dyer	30/09/2022

Risk Register - medium and high risks only

Ref	Risk Title and overview	Likelihood	Impact	Score	Rank	Description	Mitigation	Risk Owner	Dates/ Deadlines
Risks Related to Funding/Financial Position									
12	GPF Project Repayments	4	3	12	Med	GPF projects are flagging where repayments are likely to be delayed and conversations with the Capital Programme Team are underway. All options are being explored and changes have been played through in planning and therefore the impact has reduced	Capital Programme Team are working with project leads to understand where projects are impacted. Future rounds of GPF allocations are currently held and assumptions about future repayments will be downgraded to take into account additional risks	H Dyer	Ongoing
15	Misadministration of grants	3	4	12	Med	Grants issued by HMG can potentially be clawed-back by HMG if SELEP cannot demonstrate that they have been used in line with the conditions and restrictions set at the time of award by the grant awarding body. Back to back agreements are in place but should HMG claw back we would be required to pay immediately whilst legal action to claw back from the recipient of the grant could take some time. The number and value of grants is decreasing so the likelihood of risk occurring has been reduced	Back to back agreements are in place and the Accountable Body provides advice on the correct application of grants by SELEP. A further review of the capital programme and assessment of application of grant funding was planned for 2020/21 but this has been put on hold due to social-distancing. Consideration will be given as to how oversight of the application of grants can be structured and in a virtual manner if necessary. Each Management Team member who has grant funded activity takes responsibility for ensuring that grant conditions are understood and met	All Man Team	Ongoing
38	Future viability of the operational budget	5	5	10	Med	A balanced budget for 2022/23 has been set and a reduced core and growth hub budget has been announced for 2023/24. Although this increases certainty going forward, the significant reduction will affect the resources and activities of both the secretariat and growth hubs.	A further consultation with staff will be required early in the new financial year. This will then allow for a longer term resolution to the ongoing financial risks associated with the Secretariat.	CEO	Ongoing
43	LEP Review - insufficient future funding to support operations and/or interventions	5	5	25	High	HMG has made clear that, at least in the short term, no further capital investment monies will be awarded to LEPs. This will severely impact not only our ability to deliver interventions as set out in our Recovery and Renewal Plan but also will restrict the level of influence we can have in the region. This also further restricts our ability to support the operations of the Secretariat as no interest can be earned and there is no opportunity to charge administration fees for the management of capital schemes.	The Chair of SELEP is leading the LEP Review working group for funding and is clear on the requirement for governmental support. Discussions with Catalyst South have confirmed this is the case across the wider region and is likely to be true for the entire LEP community.	CEO	31/03/2023

Risk Register - medium and high risks only

Ref	Risk Title and overview	Likelihood	Impact	Score	Rank	Description	Mitigation	Risk Owner	Dates/ Deadlines
Risks Related to Service Design and Reputation									
42	LEP Review - HMG future model not workable in SELEP Region or not aligned to assumptions on next year's resourcing plan	5	5	20	High	Following the announcement of a further LEP Review, the Chair, CEO and COO have been working with the LEP Network and representatives of other LEPs to feed into the process. There is a risk that HMG wants to move to a standardised model that won't work for the SELEP region, be that geographically or functionally. If there isn't local buy in for what is required by HMG, the revised LEP will not be able to deliver against their expectations. Delays to the LEP Review increase the likelihood of this risk as other partners start to operate in the gap left by the uncertainty. To address the ongoing high financial risk to the operational budget in next financial year changes to the team have had to be implemented ahead of confirmation on the future role for LEPs. There is a risk that the assumptions made won't align with HMG's requirements and the team will not have the specialist resource required to fulfil expectations	The Chair and senior members of the Secretariat are working closely with the LEP Network and will be flagging where proposals are not workable/acceptable. This includes making the case for our current geography. The impact of delays is being made clear to the LEP Network and HMG Officials. Officials have been updated on the changes to the team but there continues to be a lack of joint working across differing government departments. Potential impacts on the work related to other departments have also been raised with officials in the respective departments	CEO	31/03/2023
46	Risk of damage to SELEP reputation from delays or non-delivery of projects or perception thereof	3	4	12	Med	There has been an increasing number of requests for information and assurances concerning a number of projects being or having been delivered in East Sussex. Whilst internal reviews have found that SELEP policies and procedures have been complied with in regard to these projects; there is a risk that the reputation of the LEP will be impacted if continued requests are received against a background of perceived lack of transparency.	Responses to requests for information and public questions will continue to be answered fully and in compliance with statutory and internal policy. Linking to risk 19, improvements to the quality of output and outcome data reporting are required and will be worked on during 2022/23. Most importantly, compliance with the National Assurance Framework, Local Assurance Framework, local policy and other applicable regulations must continue, not just by SELEP but by all delivery partners. All delivery partners and third party recipients of funding will be referred to their contractual obligations in responding to requests for information in a timely, open and transparent manner. SELEP and the Accountable Body will take action where it can be evidenced that requirements of the SLA are not being met	CEO	Ongoing