

ACCOUNTABILITY BOARD

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| 10:00 | Friday, 15 July 2022 | MidKent College, Maidstone Campus, Oakwood Park, Tonbridge Road, Maidstone, Kent, ME16 8AQ, |
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The meeting will be open to the public either in person, online or by telephone. Details about this are on the next page.

Quorum: 6 (to include 4 voting members)

Membership

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

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

For information about the meeting please ask for:

Lisa Siggins, Secretary to the Board

Telephone: 033301 34594

Email: democratic.services@essex.gov.uk

Essex County Council and Committees Information

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

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

How to take part in/watch the meeting:

Board members: should be attending in person at MidKent College, Maidstone Campus, Oakwood Park, Tonbridge Road, Maidstone, Kent, ME16 8AQ. Members that have arranged in advance to attend virtually as a non-voting participant will have received a personal email with their login details for the meeting. Contact Amy Ferraro -Governance Officer SELEP if you have not received your login.

Officers and members of the public:

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In person:

This meeting will be held at MidKent College, Maidstone Campus, Oakwood Park, Tonbridge Road, Maidstone, Kent, ME16 8AQ. You will be asked to sign in and to not speak during the meeting without the express permission of the Chair. Late arrivals will not be guaranteed entry to the meeting.

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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.

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| 1 | Welcome and Apologies for Absence | |
| 2 | Minutes 27.05.22 | 6 - 16 |
| | To approve the minutes of the meeting held on 27 May 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 | Queensway Gateway Road LGF Project Update | 17 - 28 |
| 6 | Local Growth Fund Programme Update | 29 - 55 |

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| 7 | LGF High Risk Project Update | 56 - 76 |
| 8 | London Gateway/Stanford-le-Hope LGF Project Update | 77 - 89 |
| 9 | LGF Additional Funding Awards | 90 - 106 |
| 10 | Getting Building Fund Programme Update | 107 - 139 |
| 11 | UTC Maritime and Sustainable Technology Hub GBF Project Update | 140 - 162 |
| 12 | Growing Places Fund Programme Update | 163 - 181 |
| 13 | Finance Update | 182 - 192 |
| 14 | Date of Next Meeting | |
| | To note that the next meeting will be held on Friday 23rd September, venue to be confirmed. | |
| 15 | 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.

16 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 Castalia Room, The Nucleus, Brunel Way, Dartford, Kent, DA1 5GA on Friday, 27 May 2022

Present:

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| Sarah Dance | Chair |
| Cllr Roger Gough | Kent County Council |
| Cllr Adrian Gulvin | Medway Council |
| Cllr Keith Glazier | East Sussex County Council |
| Cllr Stephen George (virtual attendance) | Southend-on-Sea City Council |
| Cllr Rob Gledhill | Thurrock Council |
| Rosemary Nunn (virtual attendance) | Higher Education representative |
| Simon Cook | Further Education/Skills representative |

Also Present:

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| Richard Bartlett | Bartletts SEAT Ltd |
| Amy Bernardo | Essex County Council |
| Christopher Broome | Sea Change Sussex |
| Bernard Brown | Member of the public |
| Adam Bryan | SELEP |
| Kerry Clarke | Kent County Council |
| Alex Colbran | East Sussex County Council |
| Howard Davies | SELEP |
| Helen Dyer | SELEP |
| Sunny Ee | Medway Council |
| Amy Ferraro | SELEP |
| Henry Kennedy-Skipton | Thurrock Council |
| Chris MacDonald | Morgan Sindall |
| Susan Moussa | Essex County Council (Legal representative for the Accountable Body) |
| Stephanie Mitchener | Essex County Council (as delegated S151 Officer for the Accountable Body) |
| Kevin Munnelly | Thurrock Council |
| Michael Neumann | Essex County Council |
| Lorna Norris | Essex County Council |
| Sarah Nurden | Kent County Council |

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| Hugh Oxburgh | Local Democracy Reporting Service |
| Vivien Prigg | Essex County Council |
| Lisa Siggins | Essex County Council |
| Sharon Spicer | SELEP |
| Stephen Turner | Essex County Council |
| Clare Marten White | Riding Sunbeams Apollo Ltd |
| Andrew Willett | Southend on Sea City Council |

1 Welcome and Apologies for Absence

- Cllr Kevin Bentley
- Cllr Rodney Chambers substituted by Cllr Adrian Gulvin
- Cllr Mark Coxshall substituted by Cllr Rob Gledhill

The Chair confirmed that Board members attending virtually were able to contribute to the meeting but were not allowed to vote.

2 Minutes 11.02.22

The minutes of the meeting held on Friday 11th February 2022 were agreed as an accurate record.

3 Declarations of Interest

There were none.

4 Questions from the public

One public question was received in relation to the Queensway Gateway Road project and therefore it was agreed that the question would be addressed later in the agenda alongside the Queensway Gateway Road update report (Agenda Item 11).

5 Getting Building Fund update

Prior to discussion on this item Adam Bryan, SELEP Chief Executive Officer, provided the Board with an update on the outcome of SELEP's recent annual performance review with Government. It was confirmed that the Cities and Local Growth Unit had rated SELEP as having met the requirements for Governance and for Strategic Impact, but that concerns were identified with respect to Delivery due to the level of Getting Building Fund (GBF) funding forecast for spend after March 2022.

Government will be reviewing the Q4 2021/22 quarterly monitoring return in the coming weeks and this will inform a further meeting with Government where it is hoped that it will be possible for SELEP to give every assurance that all

available measures were implemented to ensure that all GBF requirements were met.

Councillor Gledhill enquired as to how SELEP compared to other LEP's across the country and Adam confirmed that he believed that SELEP compared quite favourably. Many LEPs received a similar message with regard to Delivery and therefore SELEP is not an outlier in having this Annual Performance Review result. Adam noted that SELEP received a very large amount of GBF funding compared to other areas and that a lot of this funding had been spent.

The Board received a report and an addendum 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. The report included a request for the retention of GBF funding against one project beyond 31 March 2022 and provided an update on GBF spend to date.

Councillor Glazier expressed his disappointment regarding the cancellation of the Riding Sunbeams project and stressed that lots of work had been undertaken to try to make the project work. He acknowledged that the project presented a unique opportunity to do something different and that it was disappointing that the technical difficulties could not be overcome. He expressed his thanks to everyone involved in the project.

In response to a question from Councillor Gough regarding the ability of SELEP to reallocate the GBF funding due to be returned given that the GBF programme had now officially ended, Helen Dyer explained that advice had been sought from Government but that their position had not yet been fully confirmed. However, under the terms of the Grant Agreement with Government, the only condition attached to the funding is that it should be spent on capital works and therefore it was considered that the funding could be reallocated, but that confirmation was required as to whether there was any need for Government approval. Stephanie Mitchener, delegated S151 Officer for the Accountable Body, confirmed that the Grant Agreement with Government did not set a time limit on spend of the GBF funding.

Simon Cook expressed his concern regarding SELEP's reputational risk given that the GBF projects were meant to be "shovel-ready" at the outset of the programme. Adam Bryan acknowledged this risk and indicated that a quick, open, and transparent process would be undertaken to reallocate the funding in order to mitigate this risk.

Resolved:

1. **To Note** the current reported spend across the GBF programme for the 2021/22 financial year of £50.716m, as set out in Table 2 of the report.
2. **To agree** the retention of GBF funding against the Swan Modular Housing Factory beyond March 2022 for a maximum period of 6 months, subject to Strategic Board endorsement at the June 2022 meeting.

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

4. **To Agree** the removal of the Riding Sunbeams project from the GBF programme. The £2.5275m GBF issued to East Sussex County Council should be returned to Essex County Council, as Accountable Body for SELEP, within 4 weeks of this Board meeting for reallocation to alternative projects.

6 Review of ongoing GBF projects

The Board received a report from Helen Dyer, the purpose of which was for 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. The report also provided 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.

Councillor Glazier stressed that East Sussex County Council are continuing to push for completion of those projects in which they are involved.

Councillor Gledhill gave an update on the projects within Thurrock.

Simon Cook raised his concern regarding projects that had not yet commenced spend of their GBF funding allocation. Helen Dyer confirmed that these were being closely monitored and that regular updates would be provided to the Board.

The Chair sought confirmation from the Accountable Body that the proposed changes to the SELEP Assurance Framework remained in line with the National Assurance Framework. Lorna Norris, Senior Finance Business Partner, confirmed that this was the case.

Resolved:

In respect of **UTC Maritime and Sustainable Technology Hub project (decisions 1 to 3)**:

1. **To Agree** to extend the deadline for acquisition of the lease to 15 July 2022 (the next Board meeting); and

2. **To 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

3. **To 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.

4. **To 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.

5. **To 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.

6. **To 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.

7. As planning consent has now been granted for the Techfort, Dover project **To Note** that the conditions attached to the award of funding to the project have now been met.

8. **To Agree** that confirmation that the Better Queensway project will proceed as planned must be provided at the July 2022 Board meeting.

9. **To Agree** the application of the requirements set out in Section 5.13 of the 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.

7 Local Growth Fund programme update

The Board received a report from Helen Dyer which was presented by Howard Davies, SELEP Capital Programme Officer, the purpose of which was for the Board to consider the overall position of the Local Growth Fund (LGF) capital programme, as part of SELEP's Growth Deal with Government. Councillor Glazier spoke in support of the Hastings and Bexhill Movement and Access Package and the proposed approach to progressing the project.

Resolved:

1. **To 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 of the report.

2. **To Note** the updated 2020/21 year end position, as set out in Table 3 of the report.

3. **To 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.

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

5. **To 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.

8 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 and Maidstone Integrated Transport Package.

Councillor Gledhill gave a further update on the A13 Widening project.

Resolved:

A13 Widening

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

Maidstone Integrated Transport Package

1. **To Note** the update on the project.
2. **To Note** that listed building consent to relocate the ragstone wall at Mote Park has been granted.
3. **To Note** that a further update will be brought to the July 2022 Board meeting.

9 Grays South LGF project update

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 Grays South Local Growth Fund (LGF) project (the Project) which has been identified as being high risk. The report also provided an update on the revised Value for Money assessment submitted in relation to the Project and set out the outcome of the Independent Technical Evaluator (ITE) review.

Councillor Gledhill gave an update to the Board on project delivery and reiterated the importance of the project to Grays town centre.

Resolved:

1. **To Note** the update on project delivery.
2. **To 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.
3. **To 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.

4. **To Agree** that LGF spend on the Project should recommence following receipt of confirmation that the Project continues to offer High value for money.

5. **To Note** that a further update on project delivery will be provided at the July 2022 Board meeting.

10 London Gateway & 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). Kevin Munnelly, Thurrock Council provided a verbal update to the Board.

Resolved:

1. **To Note** the update on delivery of the project.

2. **To 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.

3. **To 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.

11 Queensway Gateway Road LGF Project Update

As agreed earlier, the Public Question submitted by Mr Bernard Brown who was unable to attend in person was considered and was read to the Board by Adam Bryan.

My question. *What steps can and will the Accountability Board take to ensure East Sussex County Council are held to account to fulfil their function under the SLA in order to start presenting meaningful and accurate reports to the Accountability Board. Will the Board seek an acknowledgement from East Sussex County Council of both their failure of delivery of the project and also of their repeatedly reporting inaccurate and misleading update reports since at least November 2019. Will they seek an undertaking that these failures stop now?*

Response:

There are steps that the Accountability Board could take to test the robustness of the update reports provided by East Sussex County Council with respect to the Queensway Gateway Road project, including:

- *ongoing monitoring of the project, including continued provision of update reports to each Board meeting. If desired, the Board could request a greater focus on certain elements of the report such as delivery risks or progress towards realisation of expected project benefits.*

If the Accountability Board consider that the final connection with the A21 cannot be delivered in accordance with the approved Business Case resulting in the full outputs of the scheme not being realised, then steps may be taken to recover the £10m LGF allocation to the project from East Sussex County Council under the terms of the Service Level Agreement which is in place.

It is acknowledged that historically some of the updates on the Queensway Gateway Road project provided to the Accountability Board by East Sussex County Council were limited in detail and some key milestone dependencies and risks could have been set out more transparently within the reports. This has meant that there has been on-going slippage in reported delivery timelines. More recently, efforts have been made by East Sussex County Council to provide more complete update reports, which take into account all key milestones and which seek to be clear where there are dependencies in the delivery programme. Work is ongoing by East Sussex County Council to continue to strengthen the updates on the Queensway Gateway Road project provided to the Accountability Board.

The Queensway Gateway Road update report provided to the Accountability Board by East Sussex County Council in July 2022 will set out the steps that are being taken by the Council to ensure that the updates provided by Sea Change Sussex on project delivery are robust and complete. In addition, the report will set out how East Sussex County Council are holding Sea Change Sussex to account with regard to delivery of the project in accordance with the agreed Business Case and in accordance with the back-to-back agreement in place between the two organisations.

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).

Councillor Glazier gave the Board an update on the latest position regarding the project and provided assurances that all parties involved are working hard to bring the project to fruition.

The Chair thanked Councillor Glazier for his update and requested that an officer be present at the next Board meeting in case clarification is needed on any project details.

Resolved:

1. **To Note** the latest position in the delivery of the Project and the steps that will be taken to secure completion.

2. **To Agree** that the Board will be provided with a further update on the Project, which updates the project delivery plan and associated milestones, at its meeting on 15 July 2022.

12 LGF Additional Funding Awards

The Board received a report from Howard Davies, the purpose of which was for 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.

Resolved:

1. **To Agree** the award of an additional £0.207m LGF to the Southend Airport Business Park project (Part A).

2. **To Agree** the removal of the A127 Essential Maintenance/The Bell Part B project from the LGF project pipeline.

13 Growing Places Fund 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.

Councillor Gough spoke in support of the Herne Relief Road project, stressing its significant importance to the local area.

Resolved:

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

2. **To 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.

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

4. **To 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.

5. **To 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.

14 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 provisional outturn position for the SELEP Revenue budget for 2021/22 and the impact for the 2022/23 budget.

Adam Bryan set out the position with regard to the future role of SELEP and outlined the importance of the match funding contributions from partners for the 2022/23 financial year in supporting the work of the LEP.

The Chair offered her thanks to all those involved.

Rosemary Nunn offered any help that she, the University of Greenwich or any other universities in the SELEP area could offer.

Simon Cook raised the issue of project slippage on the COVID-19 support programmes which was clarified by Lorna Norris and Adam Bryan.

Resolved:

1. **To Note** the provisional net cost of services for 2021/22 of £687,000.
2. **To Approve** the provisional outturn position for the SELEP revenue budget for 2021/22 in Table 1 of the report, including the net contribution to the Operational Reserve of £329,437.
3. **To Approve** the movement in reserves set out in Table 5 of the report.
4. **To 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.
5. **To 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.
6. **To Approve** the match funding contributions for 2022/23 set out in Table 6 of the report to support the SELEP delivery plan in 2022/23 and to enable release of Core Funding anticipated from Government in 2022/23.
7. **To 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.

15 Operations Update

The Board received a report from Amy Ferraro, SELEP Governance Officer which was presented by Adam Bryan, Chief Executive Officer SELEP, 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.

Adam drew the Board's attention to some key issues including the high number of Freedom of Information (FOI) Act requests. Whilst these are an important part of transparent governance, the increased workload continues to have an impact on both the Secretariat and Accountable Body resource.

Simon Cook raised the issue of the actual volume of information required to respond to the FOIs and not just the number of requests received. In response to his request, Adam confirmed that information regarding this could be provided to the Board.

The Chair offered her thanks to all the staff involved.

With regards to the Assurance Framework, the Chair stressed the importance of Board members keeping their register of interests up to date and mentioned the need for agendas and minutes of the Federated Boards to be shared with SELEP in a timely manner to ensure publication in line with agreed timescales.

Resolved:

1. **To Note** the proposed changes to the Assurance Framework as described in section 4 of the report.
2. **To Note** the update on Assurance Framework compliance monitoring and Governance KPIs at Appendices B and C of the report.
3. **To Note** the changes to the Risk Register at Appendix D of the report.

16 Date of Next Meeting

The Board noted that the next meeting will take place on Friday 15th July 2022, venue to be confirmed.

There being no further business, the meeting closed at 11.48 am.

Forward plan reference number: FP/AB/540

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| Report title: Queensway Gateway Road – LGF Project report | |
| 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: 15 July 2022 | For: Note |
| Enquiries to: helen.dyer@southeastlep.com | |
| SELEP Partner Authority affected: East Sussex | |

1. Purpose of report

- 1.1. The purpose of this report is to provide the Accountability Board (the Board) with assurances regarding the actions being taken by East Sussex County Council to ensure that the updates provided by Sea Change Sussex (as delivery partner) in relation to the Queensway Gateway Road Local Growth Fund (LGF) project (the Project) are robust and complete.

2. Recommendations

- 2.1. The Board is asked to:
- 2.1.1. **Note** the assurances provided by East Sussex County Council within this report.
- 2.1.2. **Note** the verbal update on delivery of the Project provided during the meeting.

3. Summary Position

- 3.1. A report providing an update on delivery of the Project was last provided by East Sussex County Council at the Board meeting on 27 May 2022. This update detailed the background of the Project and provided an update on the project delivery, and also set out the key milestones for delivering the signalised connection to the A21 and the next steps towards project completion. A link to this report is provided within the List of Background Papers at the end of this report.
- 3.2. Recent absence of key project personnel at Sea Change Sussex has impacted on East Sussex County Council's ability to collate key project and programme updates to produce the regular capital programme quarterly monitoring information for SELEP and to provide a usual written update report in relation to delivery of the Project.
- 3.3. East Sussex County Council act as the local accountable body for the programme management of the LGF funds as part of the grant funding agreement between Sea Change Sussex and East Sussex County Council and the Service Level Agreement

between East Sussex County Council, SELEP Ltd and Essex County Council (as the Accountable Body for SELEP). East Sussex County Council are therefore continuing to work closely with Sea Change Sussex to provide a verbal update to the Board at this meeting detailing progress made against the key milestones for delivery of the signalised connection to the A21 as set out in the previous published report.

3.4. This report provides information on East Sussex County Council's management of the monitoring and reporting on the Project in response to the Public Question raised at the last Accountability Board meeting, as set out below:

3.4.1. "What steps can and will the Accountability Board take to ensure East Sussex County Council are held to account to fulfil their function under the SLA in order to start presenting meaningful and accurate reports to the Accountability Board. Will the Board seek an acknowledgement from East Sussex County Council of both their failure of delivery of the project and also of their repeatedly reporting inaccurate and misleading update reports since at least November 2019. Will they seek an undertaking that these failures stop now?"

3.5. The response provided to the Public Question set out the steps that the Board can take to test the robustness of the update reports provided by East Sussex County Council with respect to the Project, including ongoing monitoring of the project and continued provision of update reports at each Board meeting. The response also indicated that if desired, the Board could request a greater focus on certain elements of the report such as delivery risks or progress towards realisation of expected project benefits.

3.6. The response acknowledged that more recently, East Sussex County Council has provided more complete update reports, which take into account all key milestones, risks and associated mitigate measures and which seek to clarify where there are dependencies in the delivery programme.

3.7. The response also committed to provision of further information at this Board meeting, including details of the steps that are being taken by East Sussex County Council to ensure that the updates provided by Sea Change Sussex on project delivery are robust and complete and information as to how East Sussex County Council are holding Sea Change Sussex to account with regard to delivery of the Project in accordance with the agreed Business Case and in accordance with the back-to-back agreement in place between the two organisations

4. Steps taken by East Sussex County Council

4.1. East Sussex County Council has a team which oversees the Project in keeping with all projects on the SELEP funded programmes, following the terms of the Service Level Agreement with SELEP Ltd. and Essex County Council (as the Accountable Body for SELEP) and the roles and responsibilities as set out in the SELEP Local Assurance Framework.

4.2. East Sussex County Council hold Sea Change Sussex to account with regard to delivery of the Project in accordance with the agreed Business Case and in accordance with the back-to-back agreement in place between the two organisations through regular engagement with Sea Change Sussex and through attendance at both project progress meetings and

meetings with third parties involved in the required approvals for the delivery of the Project (for example National Highways). Furthermore, East Sussex County Council has appointed Councillor Bennett as a Director on the Sea Change Sussex Board and he attends the quarterly Sea Change Sussex Board meetings at which progress reports on projects are considered including Queensway Gateway Road. These meetings provide quarterly reporting on legal commitments, operations and financial statements and updates on the Project.

- 4.3. With regard to monitoring of the Project, as with all projects on the SELEP capital funded programmes, update reports are provided, as a minimum, on a quarterly basis, in line with the requirements of the SELEP Local Assurance Framework. Additional reporting is also collected through programme and project monitoring at individual project progress meetings. The frequency of such meetings varies depending on construction periods and necessity but are held typically every quarter.
- 4.4. Following the progress meetings and submission of reports by the scheme promoter, an internal review is carried out by an East Sussex County Council officer to quality assure and verify the information. The designated East Sussex County Council project officer for the respective scheme reviews the update reports and if any significant risk items are presented this is shared with senior management for consideration and action as appropriate.
- 4.5. East Sussex County Council collate information on project updates which identify and report on any risks to project delivery and mitigation measures which are in place. This monitoring and reporting mechanism is agreed and considered at the SELEP Programme Consideration meeting, which is held in advance of each Board meeting, and is attended by the relevant members of the SELEP Secretariat, representatives from Essex County Council, as Accountable Body for SELEP, and programme managers and representatives of each local authority and Federated Board within the SELEP area. In addition, any projects which are perceived to be 'High Risk' must provide an additional individual detailed project update report to the Board as has been the case for the Project.
- 4.6. The SELEP Capital Programme team and officers from the SELEP Accountable Body review the capital programme updates and reports produced by East Sussex County Council and return any questions to East Sussex County Council and, where necessary, the scheme promoter to seek additional information. The update reports are then presented to the Board by SELEP officers and, where required, senior officers from East Sussex County Council for both Board member consideration and for public scrutiny.
- 4.7. To ensure that funding was spent in line with the terms of the grant funding agreement, LGF grant monies were defrayed in arrears to Sea Change Sussex by East Sussex County Council following receipt of invoices demonstrating the approved allocation had been spent progressing project delivery in accordance with the associated milestones and outputs as per the Business Case. East Sussex County Council project and finance officers reviewed the invoices to validate eligible expenditure before any funding was defrayed to the Sea Change Sussex.
- 4.8. Although the full £10m of LGF funding awarded to the Project has been defrayed, East Sussex County Council will continue to monitor project progress and engage in project progress meetings with Sea Change Sussex, and other relevant parties, until the Project is

delivered in its entirety in line with the SELEP approved Business Case and the Grant Funding Agreement.

5. Next steps

- 5.1. The next milestone associated with the delivery of the signalised connection to the A21 is the completion of the required S278 agreement. East Sussex County Council Transport Development Control officers attend regular meetings with Sea Change Sussex and National Highways to discuss the Project and to work through the statutory functions needed to ensure plans, drawings and specifications are in place to enable the S278 agreement to be progressed and finalised.
- 5.2. These meetings typically take place fortnightly, however, the last meeting scheduled to be held on 24 June 2022 was cancelled by Sea Change Sussex due to the absence of key project personnel. The next meeting is scheduled to take place on the 14 July 2022 and a verbal update will be provided to the Board during the course of the meeting to confirm the latest position and to provide an update on delivery of the Project.
- 5.3. The verbal update will be recorded in the minutes of the meeting and will be formalised, alongside any further update available, in the usual project update report at the September 2022 Board meeting.

6. SELEP Comments

- 6.1. The SELEP Assurance Framework and the Service Level Agreements in place between SELEP Ltd., Essex County Council (as Accountable Body for SELEP) and each individual Upper Tier Local Authority set out clear requirements for complete and timely reporting on all projects within the SELEP Capital Programme. This reporting is required to be submitted in advance of each Accountability Board meeting and should include an update on project delivery, spend of the SELEP funding and realisation of project outcomes.
- 6.2. It is critical that this reporting is complete and robust to ensure that the SELEP Secretariat are able to provide the required assurances regarding delivery of the Capital Programme to both the Board and Central Government. In addition, transparency is one of the underpinning principles of SELEP, particularly in relation to the delivery of the Capital Programme as it is dependent upon public funding, and therefore it is important that members of the public have full visibility as to how the funding is being spent and an understanding of the projects which are being delivered and their current status. This is particularly important for those projects which are considered to be High risk or which are significantly delayed.
- 6.3. The responsibility for provision of reporting on the Capital Programme sits with the relevant Upper Tier Local Authority as they are party to the Service Level Agreement with SELEP Ltd and Essex County Council as the Accountable Body to SELEP. Where there are third party delivery partners, as is the case with the Project, these obligations are required to be passed on by the Upper Tier Local Authority through a back-to-back agreement with the delivery partner.
- 6.4. Reporting submissions from third party delivery partners should be subject to stringent checks by the relevant Upper Tier Local Authority, prior to submission to SELEP, to ensure

that the update is robust and provides a complete and accurate representation of the current status of the project, alongside a realistic assessment of delivery risks.

- 6.5. This report sets out the actions undertaken by East Sussex County Council to ensure that the updates provided by Sea Change Sussex on the Project are robust and complete and seeks to explain how East Sussex County Council are holding Sea Change Sussex to account. The primary source of assurance outlined by East Sussex County Council is regular engagement with Sea Change Sussex and inclusion in project meetings including those involving third party organisations, including National Highways.. A review of reporting submissions by Sea Change Sussex is carried out, along with an assessment of any invoices submitted alongside claims for drawdown of LGF funding.
- 6.6. At the time of Business Case submission, it was expected that the Project would be delivered by December 2016. The Board have received regular updates on delivery of the Project, including an overview of the reasons for the ongoing delay in project delivery. As has been reported previously, 90% of the new road has been delivered but completion of the final connection with the A21 has been significantly delayed. It was originally intended that the connection between the new road and the A21 would take the form of a roundabout, however, this proposal required acquisition of land.
- 6.7. Reaching agreement to acquire the required land has proved challenging and as a consequence, in February 2020, the Board were advised that an alternative connection to the A21 was being progressed by Sea Change Sussex which did not require acquisition of land. This connection was to take the form of a signalised connection with the A21 and would allow the new road to be fully opened to traffic as a through route, whilst work progressed to acquire the required land and construct the planned roundabout. In February 2020 it was reported that, subject to the required approvals being received, the signalised connection would be in place by Spring 2020.
- 6.8. Since provision of this update, plans for the signalised connection have evolved and consideration is now being given as to whether this connection can replace the planned roundabout, rather than being a temporary measure. To assess the viability of this option, additional modelling needed to be undertaken which has contributed to a delay in delivery of the Project.
- 6.9. An update on project delivery is not set out within this report, but the delivery timeline reported at the last meeting indicated completion in Autumn 2022 at the earliest. This reflects a significant delay to delivery compared to the programme provided in February 2020 and suggests that the complexity of the process was greatly underestimated. More recent updates on delivery of the Project have sought to provide an overview of key delivery milestones and dependencies between activities, so as to provide a more robust programme.
- 6.10. Given the significant delays experienced in delivery of the Project, the importance of robust and complete reporting cannot be overstated. These updates are fundamental to ensuring that the Board are provided with the most up-to-date delivery position, alongside a robust programme and a frank assessment of the risks faced by the Project and the mitigation measures being applied. The reporting submissions also form the basis of an assessment as to whether the Project remains deliverable.

- 6.11. Should the Project reach a point where it is no longer considered to be deliverable or where no progress is being made towards delivery, the Board will be asked to consider the removal of the £10m LGF funding from the Project. This would be on the basis that the Project has not been delivered in accordance with the Business Case as the link with the A21 has not been completed, meaning that the new road does not provide the thorough route outlined in the Business Case.
- 6.12. If it is decided that the signalised connection will be retained as a permanent measure, instead of the planned roundabout, 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.
- 6.13. The Board have previously been advised that work completed to date on the new road has unlocked the employment land identified in the Business Case, but that marketing and disposal of the land has been impacted by the COVID-19 pandemic, which has resulted in no employment benefits (beyond reported construction jobs) being realised to date. Completion of the link with the A21 and the opening of the new road to through traffic may help to make the employment land a more attractive proposition by improving accessibility and addressing the existing traffic issues in the area. The traffic issues cannot be addressed until the full length of the new road is opened to all vehicles.
- 6.14. As outlined within this report, East Sussex County Council were unable to provide a full written update on project delivery in advance of this meeting due to the absence of key project personnel at Sea Change Sussex. Given that delivery of the Project has been significantly delayed and is identified as High risk, the lack of provision of a written update is far from ideal and does not comply with the requirements of the Service Level Agreement. It should also be noted that late submission of this report by East Sussex County Council has limited the time available to review and address any queries prior to publication of the Board agenda pack.
- 6.15. A verbal update on project delivery will be provided during the course of the meeting. This update will be fully minuted to ensure that there is a complete record available for public and Government scrutiny.
- 6.16. It is critical that a full written update is provided for consideration at the next Board meeting so that the Board can assess the ongoing deliverability of the Project. This update should include:
- 6.16.1. Update on progress towards delivery of the Project since provision of the last written update
 - 6.16.2. A full review of the remaining project milestones and their expected completion timeline
 - 6.16.3. An update on the status of the permanent (roundabout) connection with the A21

- 6.16.4. A review of risks to project delivery and mitigation measures which have been implemented
- 6.16.5. An update on project budget
- 6.16.6. An update on realisation of project benefits, including an indication as to the actions being undertaken to bring forward these benefits.
- 6.17. It is imperative that this written update is provided in a timely manner to ensure that there is sufficient time for the contents to be fully reviewed to ensure compliance with the stated requirements and to allow challenge where further information is required to ensure the Board are provided with a complete and robust update on the Project. To this end, the written update must be provided by 26 August 2022.
- 6.18. If a written update is not provided in advance of the next Board meeting in September 2022, meaning that ongoing deliverability of the Project cannot be assessed, the Board will be asked to consider whether the £10m LGF funding should remain allocated to the Project.

7. Financial Implications (Accountable Body comments)

- 7.1. Essex County Council, as the Accountable Body, is responsible for ensuring that the LGF funding is utilised in accordance with the conditions set out by Government for use of the Grant.
- 7.2. 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.
- 7.3. The Agreements also set out the circumstances under which funding may have to be repaid should it not be utilised in line with the conditions of the grant or in accordance with the Decisions of the Board.
- 7.4. With LGF funding having been fully transferred to East Sussex County Council and spent by the project, it remains an ongoing requirement of the SLA's in place between SELEP Ltd, Essex County Council, as the Accountable Body, and East Sussex County Council that under the Grant responsibilities, East Sussex County Council is responsible for providing regular reports to the Accountable Body and the SELEP Secretariat in the timescales and format specified by the SELEP Secretariat, to enable quarterly reporting to the Accountability Board and Government.
- 7.5. To enable the Board to receive a full understanding as to the status of Project delivery against the Business Case, and to assess if any changes impact the Project's value for money, requires East Sussex County Council to provide updates on Project delivery, to include risks and mitigations, and confirmation of expected Completion Date, amongst other requirements detailed in the SLA referenced in 8.2. Should East Sussex County Council be unable to provide this information, the Board may consider recovering some, or all, of the £10m LGF allocated to the Project.

- 7.6. For example should it not be possible, to deliver the final section of the road to enable the full realisation of the benefits set out within the Project Business Case, there is a risk that the Project may no longer meet the conditions of the Funding Agreement. In these circumstances, the Board may consider recovering some, or all, of the £10m LGF allocated to the Project.
- 7.7. To monitor additional 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.

8. Legal Implications (Accountable Body comments)

- 8.1. The information set out in this report is relevant when considering a) whether project and SLA requirements have been met and b) actions that may need to be taken.
- 8.2. If the Project is not delivered in line with the approved business case, the provisions set out within the SLA will be activated, and the Accountability Board may require repayment of all or part of the Project LGF allocation. In this circumstance, Essex County Council, as the Accountable Body, will work with East Sussex County Council, to recover the agreed funding.
- 8.3. The funding agreement sets out East Sussex County Council's responsibilities and SELEP Ltd and Essex County Council, as Accountable Body, are entitled to rely on that agreement for the provision of information and, if necessary, recovery the Project LGF allocation.

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 Page 24 of 192

10. List of Appendices

10.1. Appendix A – LGF Project Background Information


11. List of Background Papers

11.1. [Accountability Board agenda pack – 27 May 2022](#) – pages 194 to 209

(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 Michael Neumann, Head of Finance, Essex County Council (on behalf of Nicole Wood, S151 Officer, Essex County Council) | 07/07/2022 |

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: Local Growth Fund Capital Programme Update | |
| Report to: Accountability Board | |
| Report author: Helen Dyer, SELEP Capital Programme Manager | |
| Meeting date: 15 July 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 £41.931m excluding DfT retained schemes and increasing to £44.821m including DfT retained schemes, as set out in Table 1 and Appendix A.
- 2.1.2. **Note** the deliverability and risk assessment, as set out in Appendix D.
- 2.1.3. **Agree** the updated completion date for the following projects which have experienced a delay of more than 6 months:
- 2.1.3.1. Eastbourne Town Centre – project completion delayed from March 2022 to May 2024
- 2.1.3.2. Eastbourne and South Wealden Walking and Cycling Package – project completion delayed from December 2022 to December 2024
- 2.1.3.3. Colchester Grow On Space – project completion delayed from July 2022 to June 2024.

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. At the last Board meeting, £0.207m was removed from the A127 Essential Maintenance project following confirmation of project completion. This funding was awarded to the Southend Airport Business Park project in accordance with the prioritised project pipeline.

4.6. The remaining prioritised project pipeline is set out in Appendix B.

5. Local Growth Fund spend position

- 5.1. LGF spend in 2021/22 is reported to total £41.931m excluding DfT retained schemes and increasing to £44.821m including DfT retained schemes.
- 5.2. The reported 2021/22 spend has been updated to reflect spend updates provided through the latest round of LGF quarterly reporting and demonstrates a reduction in forecast LGF spend in 2021/22 from £48.032m to £44.821m (including DfT retained schemes). This change is shown in Table 1 below.
- 5.3. It should be noted that LGF quarterly reporting was not provided by Medway Council in advance of this meeting and therefore the information included within this report and the accompanying appendices has been taken from the most recent reporting submission from Medway Council. This reporting was submitted in advance of the February 2022 Board meeting and is therefore unlikely to reflect the latest position. In addition, East Sussex County Council were unable to provide updates on projects being delivered by Sea Change Sussex in advance of this meeting due to the absence of key personnel at Sea Change Sussex.

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 | 7.702 | -4.221 | -35.4% |
| Essex | 7.834 | 2.930 | -4.903 | -62.6% |
| Kent | 27.389 | 19.227 | -8.161 | -29.8% |
| 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 | 41.931 | -25.059 | -37.4% |
| Retained | 16.713 | 2.889 | -13.824 | -82.7% |
| Total Spend | 83.704 | 44.821 | -38.883 | -46.5% |

- 5.4. It was intended that the Board would be asked to agree the 2021/22 year end position at this meeting, however, this will not be possible due to Medway Council failing to submit their quarterly reporting in time for inclusion in this report. Subject to all required reporting being received, the 2021/22 year end position will now be confirmed at the September 2022 Board meeting.

5.5. 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 | 7.702 | 10.146 | 82.020 | 78.2% |
| Essex | 90.199 | 2.930 | 20.861 | 113.991 | 79.1% |
| Kent | 100.575 | 19.227 | 8.854 | 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 | 41.931 | 47.707 | 468.335 | 80.9% |
| DfT retained | 93.887 | 2.889 | 13.824 | 110.600 | 84.9% |
| Total spend forecast | 472.584 | 44.821 | 61.531 | 578.935 | 81.6% |

5.6. 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 42.1% of the remaining LGF funding (including DfT retained schemes) has been spent in 2021/22.

5.7. 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.

5.8. 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 7.

5.9. 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.

- 5.10. A further £207,000 was awarded to the Southend Airport Business Park project by the Board in May 2022 and remains subject to the completion of the required Variation Agreement.
- 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, are 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 3 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 3: Summary of LGF project risk

| Risk Score | Number of projects | LGF allocation to projects (£m) | LGF spend beyond 31 March 2022 (£m) |
|----------------------|--------------------|---------------------------------|-------------------------------------|
| Low risk - 1 | 67 | 244.566 | 0.359 |
| Low/Medium risk - 2 | 8 | 47.141 | 0.531 |
| Medium risk - 3 | 13 | 92.039 | 1.817 |
| Medium/High risk - 4 | 10 | 64.871 | 34.302 |
| High risk - 5 | 8 | 130.318 | 24.522 |
| Total | 106 | 578.935 | 61.531 |

- 6.5. In total, £24.522m LGF is forecast for spend on high-risk projects beyond March 2022. A summary of the 8 high risk projects is set out in Appendix E.
- 6.6. Updates on 5 of the high-risk projects are provided under Agenda Items 5, 7 and 8. 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 with regard to land acquisition 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.
- 6.6.2. Essex County Council have confirmed that the Compulsory Purchase Order objection process concluded in April 2022. Whilst there were no objections from landowners, 3 objections were received from UK Power Networks (UKPN), Network Rail and National Grid. Essex County Council officers have been liaising with all 3 bodies since April and are close to removing UKPN's objection. It is also expected that the objections from Network Rail and National Grid will be resolved in the near future. Once the objections have been removed, the CPO can be confirmed, and the Business Case can be re-issued to DfT for consideration. This will allow Essex County Council to revert to the contractors who tendered for the works to ask them to re-confirm their prices, compared to their August 2020 tender submissions. Essex County Council are continuing to target a start onsite in early 2023.
- 6.6.3. 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 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.

6.6.4. 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.

6.6.5. 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 three projects which are reporting delays to their completion dates of more than 6 months. The projects have previously received Board approval for LGF spend beyond September 2021, and the delays outlined below reflect 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 in the lead up to this meeting.

Eastbourne Town Centre

- 7.5. The Eastbourne Town Centre project has received a total LGF investment of £8m, with £2.183m 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 March 2022 was reported. This completion date has now been revised to May 2024 for the reasons outlined below.
- 7.6. The Eastbourne Town Centre project consists of 2 phases. Phase 1 – improvements to Terminus Road associated with the extension of the Arndale Shopping Centre (now known as The Beacon) was completed in April 2021. Phase 2 – improvements to the middle of the Terminus Road corridor designed to deliver greater priority and accessibility for pedestrians is ongoing.
- 7.7. The detailed design for Phase 2 of the project has been completed and tender requests for sub-contractors to deliver the works were issued in November 2021. Tender submissions were subsequently received in February 2022, but further clarification was required on various aspects of the tender submissions and this work took place during late February and March 2022.
- 7.8. The tender prices received were over the existing available budget due to COVID-19 related cost increases in materials, shipping and labour. The tender submissions also showed an extended delivery programme of up to 70 weeks, compared to the expected 52 week construction period. In light of these risks, further clarification and assurance was sought from the preferred sub-contractor. It is expected that the preferred sub-contractor will be appointed during July 2022.
- 7.9. As a result of these factors, completion of the required due diligence on the tender submissions has resulted in a delayed construction start. Commencement of the works was previously programmed for April 2022, but this has now been delayed until September 2022. This delay is needed to meet contractor mobilisation requirements and so as to minimise the impact on local businesses during the Summer trading period. Minimising the impact on local businesses is of particular importance following the disruption caused by the COVID-19 pandemic over the last 2 years.
- 7.10. The updated delivery programme is set out in Table 4 below.

Table 4: Updated delivery programme for the Eastbourne Town Centre project

| Milestones | Expected dates |
|---|------------------------|
| Sub-contractor appointment and mobilisation | July/August 2022 |
| Commencement of construction | September/October 2022 |
| Project completion | May 2024 |

Eastbourne and South Wealden Walking and Cycling Package

- 7.11. The Eastbourne and South Wealden Walking and Cycling Package has received a total LGF investment of £6.6m, with £1.990m 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 December 2024 for the reasons outlined below.
- 7.12. The Eastbourne and South Wealden Walking and Cycling Package is seeking to deliver routes and complementary measures that are interdependent, and which will support an expanding walking and cycling network.
- 7.13. In Summer 2021, stakeholder and public consultation was carried out on all five proposed cycle routes in the Eastbourne and Stone Cross areas. A high level of responses was received, and this necessitated a thorough review and analysis of the proposals. This analysis formed part of a report presented to the East Sussex County Council Lead Member for Transport and Environment in February 2022. It was recommended that all five cycle routes proceed to detailed design and construction, and this was agreed by the Lead Member.
- 7.14. Subsequent to this decision, detailed design has commenced, as has work to prepare Contract Documentation for Construction. Whilst good progress has been made, the design process has highlighted a number of complexities which will delay construction of certain schemes beyond the LGF completion date previously agreed by the Board. The issues encountered are as follows:
- 7.14.1. Horsey Cycle Route Phase 1b – The Road Safety Audit of the detailed design identified potential safety issues for bus users and cyclists at bus stops on the route. In order to resolve this issue, bus stops would need to be relocated, however, this would have an impact on the existing traffic flows on the strategic route. Further design work and an additional Road Safety Audit is therefore required to mitigate the safety risk and to enable implementation of the cycle route.
- 7.14.2. Eastbourne Town Centre Cycle Route – Good design progress has been made and construction will be commencing in early 2023 on part of the route. However, there is a need for land to be acquired to enable delivery of the second part of the route and therefore construction of this section of the route will be delayed.
- 7.14.3. Langney Rise Cycle Route – excellent design progress has been made and the associated land acquisition process has commenced. However, the exact extent of the land acquisition required has only been identified as part of the design process, and therefore the timescales associated with seeking necessary agreements with external parties is more protracted than originally programmed. In addition, there is a requirement for formal Traffic Order process to be undertaken. The combination of these factors delays construction.

- 7.15. A summary of the updated delivery programme for all elements of the project is set out in Table 5 below.

Table 5: Updated delivery programme for the Eastbourne and South Wealden Walking and Cycling Package

| Cycle Route | Delivery programme |
|------------------------------------|--|
| Willingdon Drove Cycle Route | Construction will be completed in 2022/23 |
| Eastbourne Cycle Parking | Construction will be completed in 2022/23 |
| Eastbourne Town Centre Cycle Route | Construction of the first part of the route will commence in late 2022/23, with construction of the second part of the route expected to start in late 2023/24 following completion of the required land acquisition |
| Horsey Cycle Route Phase 1b | Detailed design is expected to complete by the end of 2022/23 Construction scheduled to commence in early Summer 2023 |
| Langney Rise Cycle Route | Detailed design is expected to be complete by Spring 2023 Construction scheduled to commence in late 2023, following completion of the required land acquisition |

- 7.16. It should be noted that the East Sussex County Council highways contractor who is responsible for the design and delivery of the project is nearing the end of their contract. A new highways contract will be awarded by East Sussex County Council in late 2022, with this contractor responsible for the delivery of all highway works from 1 May 2023 onwards. So as to minimise the impact on project delivery, should the existing highways contractor not be awarded the new contract, an agreement is in place for all parties to work together in sharing programme and scheme information from late 2022.

Colchester Grow On Space

- 7.17. The Colchester Grow On Space project has received a total LGF investment of £3.777m, with £3.360m 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 July 2022 was reported. This completion date has now been revised to June 2024 for the reasons outlined below.
- 7.18. Delivery of the project is dependent upon the demolition of the disused bus depot at the site. This demolition is complicated as part of the depot is built on the Roman town wall, which is a listed monument. Following demolition there is a requirement for archaeological work to be undertaken before the project can be delivered.

- 7.19. The project has progressed more slowly than expected due to delays in discharging complex planning conditions and completion of required additional surveys. It has also been necessary to undertake work to the property adjacent to the bus depot following discovery of damaged and dangerous render on the gable end of the building facing into the site.
- 7.20. In addition, there is a requirement for temporary steel propping to be used to ensure that the adjacent walls do not fall down when the roof frame is removed from the bus depot. This requirement has resulted in additional costs and an extended delivery programme.
- 7.21. Excavation works have commenced around the area required for the temporary steel propping. This work is progressing well and, while it delays the demolition programme, it will reduce the archaeology programme required once the bus depot has been fully demolished.
- 7.22. The updated delivery programme is set out in Table 6 below.

Table 6: Updated delivery programme for the Colchester Grow On Space project

| Milestone | Expected dates |
|--|--|
| Demolition of former bus depot | Completion – mid to end August |
| Archaeology work | Completion – early 2023 (subject to findings) |
| Appointment of construction contractor | Appointment – late 2022/early 2023 |
| Commencement of construction | Mid 2023 |
| Completion of construction | Mid 2024 |

- 7.23. As with all current projects, there remains a risk that supply chain difficulties and fluctuating costs will impact on the delivery programme and budget and these risks are being monitored. This is also a risk of significant archaeological finds which may impact on the delivery programme.
- 7.24. The Board is asked to agree the updated completion date for all three projects.

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 9.
- 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.
- 9.2. Alongside the risk of not realising the expected project outcomes, there is a risk that the benefits will be realised but not measured or reported to SELEP and the Board. There are a large number of post scheme evaluation reports outstanding, mainly due to resourcing issues experienced by local partners, which mean it is not possible to give the Board and Central Government an accurate indication as to what has been achieved as a result of the LGF investment.
- 9.3. Furthermore, there is a risk that now the LGF funding has been fully defrayed to local partners that completion of the required quarterly reporting will not be prioritised, which is likely to result in the reporting either not being submitted to SELEP or being submitted late. If the reporting is not provided in a timely manner, there will be insufficient time for the contents to be fully reviewed and

to allow challenge where required to ensure that the Board are provided with a complete and robust update on delivery of the LGF programme.

10. Financial Implications (Accountable Body comments)

- 10.1. All funding allocations which are agreed by the Board are dependent on the Accountable Body receiving sufficient funding from HM Government. The 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 held a £0 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.

- 10.7. With LGF funding having been fully transferred to SELEP partners, it remains an ongoing requirement of the SLA's in place between SELEP Ltd, Essex County Council, as the Accountable Body, and partner authorities that under the Grant responsibilities, the Council is responsible for providing regular reports to the Accountable Body and the SELEP Secretariat in the timescales and format specified by the SELEP Secretariat, to enable quarterly reporting to the Accountability Board and Government.

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. Where there are delays to a project end date of more than six months, under the terms of the SLA, Accountability Board approval is required. If a project fails to proceed, in line with the conditions of the SLA or grant conditions from Central Government, or the change is not approved by Accountability Board, 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 prioritised project pipeline
- 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)

| Role | Date |
|--|-------------|
| Accountable Body sign off | |
| Michael Neumann, Head of Finance, Essex County Council | 06/07/2022 |
| (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 | 0.061 | 0.485 | | 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 | 0.362 | 1.990 | | 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 | 0.818 | 3.977 | 0.595 | 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 | 0.133 | 2.183 | | 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 | | | 3.500 | 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 | 0.246 | 0.54 | 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 Gyratory 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 | 0.901 | 1.549 | 1.857 | 8.900 |
| LGFO0040 | A28 Sturry Link Road | Kent | | 0.401 | 0.385 | 0.285 | 0.038 | | 0.119 | 3.818 | 0.854 | 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 | 0.207 | | 23.370 |
| LGFO0115 | Southend Town Centre | Southend | | | | | | 0.073 | 0.263 | 1.289 | | 1.625 |
| 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 | | 1.671 | 4.679 | 10.840 |
| LGFO0123 | Tilbury Riverside (removed from programme) | Thurrock | | | | | 0.029 | -0.029 | | | | |
| | A13 widening - additional funding | Thurrock | | | | | | 1.500 | | | | 1.500 |

| 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 |
| 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 | 41.931 | 27.722 | 19.985 | 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 | | | | | | | | | 47.707 | | | |
| 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 | 1.756 | 0.324 | | 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 | 2.889 | 0.324 | 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 15 July 2022

| Project Name | Current LGF Allocation (£m) | Additional LGF Requested (£m) |
|---------------------------------------|-----------------------------|-------------------------------|
| Southend Airport Business Park Part A | 23.370 | 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 | 114.170 | 4.970 |

** 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% | Dec-24 |
| LGF00042 | Hastings and Bexhill Movement and Access Package | East Sussex | 9.0000 | 5.0699 | 56.3% | Sep-25 |
| LGF00044 | Eastbourne town centre LSTF access & improvement package | East Sussex | 8.0000 | 2.2600 | 28.2% | May-24 |
| LGF00108 | Bexhill Enterprise Park North | East Sussex | 1.9400 | 1.1163 | 57.5% | Jul-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% | May-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% | Jun-24 |
| 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% | Dec-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 (Apr-22) | Expected completion date (Jun-22) | Months delay incurred (since original Business Case) | Months delay incurred (since last update) | Deliverability RAG rating | LGF allocation (£) | LGF spend to end of March 2022 (£) | LGF spend beyond March 2022 | Financials RAG rating | | Reputational risk RAG |
| East Sussex | | | | | | | | | | | | | | | |
| Newhaven Flood Defences | Jun-15 | LGF project delivered | Complete | Feb-20 | Mar-22 | Mar-22 | 26 | | 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 | 1,614,502 | 485,498 | 2 | 3 | 3 |
| Eastbourne and South Wealden Walking and Cycling LSTF package | Nov-15 and Feb-19 | Construction in progress | Ongoing | Mar-21 | Mar-23 | Dec-24 | 46 | 20 | 5 | 6,600,000 | 4,609,663 | 1,990,337 | 3 | 3 | 4 |
| Queensway Gateway Road | Mar-15 | Construction in progress | Complete | Mar-16 | TBC | 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 | TBC | 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-25 | Sep-25 | 55 | 6 | 5 | 9,000,000 | 4,428,070 | 4,571,930 | 5 | 3 | 4 |
| Eastbourne Town Centre LSTF access and improvement package | Apr-16 and Feb-19 | Construction in progress | Ongoing | Mar-21 | Sep-22 | May-24 | 39 | 19 | 5 | 8,000,000 | 5,817,008 | 2,182,992 | 3 | 3 | 4 |
| Coastal Communities Housing Intervention Hastings | Feb-17 | LGF project delivered | Complete | Apr-20 | Mar-20 | Mar-20 | | | 1 | 666,667 | 666,667 | | 1 | 1 | 1 |
| East Sussex Strategic Growth Project | Jan-17 | Project in progress | Complete | Mar-21 | TBC | TBC | | | 5 | 8,200,000 | 8,200,000 | | 1 | 4 | 3 |
| Devonshire Park | Mar-17 | LGF project delivered | Complete | Mar-20 | Nov-19 | Nov-19 | | | 1 | 5,000,000 | 5,000,000 | | 1 | 1 | 1 |
| Bexhill Enterprise Park North | Jun-19 | Construction in progress | Complete | Mar-20 | May-22 | Jul-22 | 28 | 2 | 5 | 1,940,000 | 1,940,000 | | 1 | 3 | 3 |
| Skills for Rural Businesses Post-Brexit (Plumpton College) | Jun-19 and Feb-21 | Construction in progress | Ongoing | Mar-21 | Jan-23 | Jan-23 | 22 | | 4 | 4,413,000 | 3,498,112 | 914,888 | 2 | 2 | 3 |
| Churchfields Business Centre (previously known as Sidney Little Road Business Incubator Hub) | Jun-19 | Construction in progress | Complete | Mar-21 | Aug-22 | Sep-22 | 18 | 1 | 4 | 500,000 | 500,000 | | 1 | 2 | 2 |
| Bexhill Creative Workspace | Sep-19 | LGF project delivered | Complete | May-20 | Mar-22 | Mar-22 | 22 | | 1 | 960,000 | 960,000 | | 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 | 1,440,000 | | 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 | | | 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 | May-21 | May-21 | 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 | TBC | 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 | | | 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 Iawick | 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 | Deliverability | | | | | | | | | Financial | | | | | |
| | Accountability Board approval | Delivery Status | Spend status of LGF funding award | Expected completion date (as stated in Business Case) | Expected completion date (Apr-22) | Expected completion date (Jun-22) | Months delay incurred (since original Business Case) | Months delay incurred (since last update) | Deliverability RAG rating | LGF allocation (£) | LGF spend to end of March 2022 (£) | LGF spend beyond March 2022 | 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 | Apr-20 | Apr-20 | 15 | | 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 | TBC | 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 | 2,733,896 | 1,000,000 | 4 | 3 | 4 |
| Mercury Rising Theatre | Nov-17 and Sep-21 | LGF project delivered | Complete | Mar-20 | Mar-22 | Mar-22 | 25 | | 1 | 1,228,000 | 1,228,000 | | 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 | May-23 | 26 | 2 | 5 | 5,000,000 | 498,923 | 4,501,077 | 5 | 2 | 4 |
| New Construction Centre, Chelmsford College | Jul-20 | Construction in progress | Complete | Sep-21 | Aug-22 | Aug-22 | 11 | | 4 | 1,295,200 | 1,295,200 | | 1 | 1 | 2 |
| Colchester Grow on Space, Queen Street | Feb-21 | Construction in progress | Ongoing | Jul-22 | Aug-22 | Jun-24 | 23 | 22 | 4 | 3,777,451 | 417,391 | 3,360,060 | 5 | 2 | 4 |
| Kent | | | | | | | | | | | | | | | |
| I3 Innovation Project (formerly referred to as the Kent and Medway Growth Hub) | Nov-15 | LGF project delivered | Complete | Mar-21 | Jun-21 | May-22 | 14 | 11 | 1 | 6,000,000 | 5,643,546 | 356,454 | 2 | 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 | TBC | TBC | | | 5 | 1,176,611 | 1,176,611 | | 1 | 1 | 2 |
| Kent Thameside LSTF | Mar-15 | Construction in progress | Complete | Mar-21 | Apr-22 | Aug-22 | 17 | 5 | 4 | 4,500,000 | 4,500,000 | | 1 | 2 | 2 |
| 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 | LGF project delivered | Complete | Mar-21 | May-22 | May-22 | 13 | | 1 | 4,800,000 | 4,800,000 | | 1 | 1 | 1 |
| 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 (Apr-22) | Expected completion date (Jun-22) | Months delay incurred (since original Business Case) | Months delay incurred (since last update) | Deliverability RAG rating | LGF allocation (£) | LGF spend to end of March 2022 (£) | LGF spend beyond March 2022 | 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 | 5,493,698 | 3,406,302 | 3 | 5 | 4 |
| A28 Sturry Link Road | Jun-16 | Design in progress | Ongoing | Oct-21 | Jun-25 | Jun-25 | 46 | | 5 | 5,900,000 | 1,227,597 | 4,672,403 | 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 | 7,885,143 | 1,687 | 1 | 1 | 1 |
| Thanet Parkway | Apr-19 | Construction in progress | Complete | Dec-21 | May-23 | May-23 | 17 | | 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-23 | Dec-24 | 46 | 13 | 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 | Jun-22 | Dec-22 | 27 | 6 | 5 | 7,344,000 | 6,977,669 | 366,331 | 2 | 1 | 3 |
| Leigh Flood Storage Area and East Peckham - unlocking growth | Sep-18 | Design in progress | Complete | Jul-23 | Oct-25 | Oct-25 | 27 | | 5 | 2,349,000 | 2,298,496 | 50,504 | 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 | 5 | 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 | LGF project delivered | Complete | Jul-21 | May-22 | May-22 | 10 | | 1 | 1,998,600 | 1,998,000 | 600 | 1 | 2 | 1 |
| Medway | | | | | | | | | | | | | | | |
| A289 Four Elms roundabout to Medway Tunnel | Mar-15 | Design in progress | Complete | Dec-20 | Mar-25 | Mar-25 | 51 | | 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 | 8,600,000 | | 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 | Apr-22 | Apr-22 | 12 | | 1 | 2,200,000 | 2,200,000 | | 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 | | 4 | 3,700,000 | 3,700,000 | | 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 | 1,518,500 | | 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 | Jun-22 | Sep-22 | 18 | 4 | 4 | 4,300,000 | 3,976,065 | 323,935 | 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 | 8,000,000 | | 1 | 1 | 1 |
| Southend Central Area Action Plan | Jun-16, Sep-17 and Feb-19 | Construction in progress | Complete | Mar-21 | Jun-22 | Jun-22 | 14 | | 4 | 7,000,000 | 7,000,000 | | 1 | 2 | 2 |
| London Southend Airport Business Park | Feb-16, Sep-17, Sep-18 and Sep-21 | Construction in progress | Ongoing | Mar-21 | Jul-22 | Jul-22 | 15 | | 4 | 23,369,517 | 23,162,517 | 207,000 | 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 | 335,941 | 1,289,059 | 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 (Apr-22) | Expected completion date (Jun-22) | Months delay incurred (since original Business Case) | Months delay incurred (since last update) | Deliverability RAG rating | LGF allocation (£) | LGF spend to end of March 2022 (£) | LGF spend beyond March 2022 | 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 | Nov-24 | Nov-24 | 28 | | 5 | 10,840,274 | 4,490,721 | 6,349,553 | 5 | 5 | 5 |
| A13 widening | Apr-17, Jul-20 and Mar-21 | Construction in progress | Complete | Dec-19 | May-22 | Nov-22 | 36 | 7 | 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 | 517,404,758 | 61,530,611 | | | |

| 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 5. |
| A127 Fairglen Junction Improvements, Essex | | 15.00 | 10.0% | Business Case required DfT 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. |
| 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 7. |
| 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 September 2022. An update on the Project is provided under Agenda Item 8. |
| Grays South | | 10.84 | 41.4% | Acquisition of land from a number of land owners required to enable delivery of the project. Project delivery is subject to progression through Network Rail GRIP process. | Negotiations are ongoing with landowners and a CPO is being prepared to run alongside these negotiations should it be required. Steps being taken to complete contract with Network Rail for completion of next GRIP stages. An update on the Project is provided under Agenda Item 7. |
| 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 7. |
| Total | | 130.32 | | | |

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 realised 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. 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/535,
FP/AB/536, FP/AB/537 and FP/AB/538

| | |
|---|----------------------|
| Report title: Local Growth Fund - High Risk Project Update Report | |
| Report to: Accountability Board | |
| Report author: Howard Davies, SELEP Capital Programme Officer | |
| Meeting date: 15 July 2022 | For: Decision |
| 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, Maidstone Integrated Transport Package and Grays South.

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 September 2022 Board meeting

A28 Sturry Link Road

- 2.1.3. **Note** the update on the project
- 2.1.4. **Agree** that, despite the project continuing to be ranked as High Risk, update reports will now be presented at alternate Board meetings, with the next update report required for the Board meeting in November 2022. Noting that this is due to the longevity of the workstreams currently being undertaken, as set out in Section 10 of this report, and that should there be any significant developments or new risks identified that the project will revert to providing update reports at each Board meeting.

Maidstone Integrated Transport Package

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

- 2.1.6. **Note** that, due to the risk rating for the project reducing to High/Medium following the confirmation of listed building consent, updates will no longer be provided at each Board meeting. Noting that the project will continue to be closely monitored and further update reports will be provided to the Board if new risks are identified.

Grays South

- 2.1.7. **Note** the update on the project
- 2.1.8. **Note** that a further update will be brought to the September 2022 Board meeting

A13 Widening

3. **Summary Position**

- 3.1. The project involves widening the A13 Stanford le Hope Bypass from 2 to 3 lanes in both directions, from the junction with the A128 (Orsett Cock roundabout) in the west to the A1014 (the Manorway) in the east. The project has provided 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 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 Thurrock 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 further 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 9.

- 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 impacting on 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. Further information on the project is provided in Appendix A.

4. Project Update

- 4.1. At the May 2022 meeting, the Board were advised that the A13 opened to traffic on 2 May 2022 with speed limits in place of 50mph on the main carriageway and 30mph at Orsett Cock roundabout. These speed limits were required due to the traffic signals and street lighting not being fully operational and to give road users an opportunity to adjust to the new road layout.
- 4.2. The traffic signals and lights around Orsett Cock roundabout are now operational, the traffic management has been removed, and the speed limit has been increased to 50mph. However, connections for street lighting at the eastern end of the project require replacement meaning the reduced speed limits on the main carriageway will remain in place until September 2022. It has been reported that the scheme is operating well with the reduced speed limit creating no issues.
- 4.3. As reported in February 2022 other 'non highway' works, which fall within the main construction contract, will be completed in Summer 2022. Other seasonal works, including planting, which have been removed from the main construction contract are expected to complete in November 2022.
- 4.4. The water table level needs to be reduced to allow construction of the balancing pond. A Water Abstraction Licence is required from the Environment Agency to facilitate this work but efforts to secure this licence have been significantly delayed. It is now expected that the Abstraction Licence will be finalised by the end of June 2022 and an update on the status of the licence will be provided during the Board meeting. In anticipation of this, work has commenced on the balancing pond.
- 4.5. The Board were given an overview of the contractual arrangements with the main works contractor in July 2021. This overview set out that the type of contract entered into, a New Engineering Contract (NEC) 3 Option C, meant that any works not within the scope of the contract were subject to a compensation event. This type of contract provides very little cost certainty and under the terms of the contract there are limited grounds to refuse the 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.

5. Update on Project Costs

- 5.1. The revised expenditure profile remains subject to change as commercial discussions will continue through to the end of the contract, which is expected to be in Summer 2022.
- 5.2. Thurrock Council have advised that total project costs are in line with those given in a confidential appendix at the September 2021 meeting.
- 5.3. Table 1 shows the spend on the project to the end of May 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 alternative funding sources.

Table 1: A13 Widening - Project Spend to Date (£m)

| | Actual spend to date (£m) | | | | | | | | | | Total | 2022/23 | Total |
|---|---------------------------|---------------|---------------|---------------|---------------|---------------|--------------|--------------|--------------|--------------------|----------------|--------------|----------------|
| | 2016/17 | 2017/18 | 2018/19 | 2019/20 | 2020/21 | Q1 2021/22 | Q2 2021/22 | Q3 2021/22 | Q4 2021/22 | April and May 2022 | | | |
| 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 | 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 | 1.455 | 44.214 | | 44.214 |
| Adjustment | | | -0.172 | 0.172 | | | | | | | 0.000 | | 0.000 |
| Total Project Spend to date | 2.709 | 13.408 | 13.626 | 33.174 | 34.869 | 10.649 | 7.447 | 6.837 | 9.764 | 1.455 | 133.938 | 1.000 | 134.938 |

- 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 offered by the project was undertaken by Thurrock Council and was assessed by the Independent Technical Evaluator. This demonstrated that due to increased project costs, the Benefit Cost Ratio (BCR) had reduced to 1.7:1 for the core scenario. This falls within the 'Medium' value for money category and does not meet the requirements of the SELEP Assurance Framework. However, an additional scenario which considered the benefits of the scheme in conjunction with the impacts of Lower Thames Crossing was also presented. In this scenario, the project offered a BCR of 2.5:1 which falls within the "High" value for money category. This is set out under Appendix A as attached to Agenda Item 11.

6. Next Steps

- 6.1. Following finalisation of the Water Abstraction Licence, work to reduce the water table level will be undertaken in conjunction with the construction of the balancing pond. In addition, work will continue to bring the remaining street lighting into operation, allowing the removal of the remaining temporary reduced speed limits.
- 6.2. A further update on the project, which outlines the latest position with regard to these tasks, will be presented to the Board in September 2022.

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 August 2023 deadline for the completion of the required land acquisition, which was agreed at the November 2021 Board meeting, is achievable even if a Compulsory Purchase Order (CPO) is required and there is a level of objections which require a Public Inquiry to take place.
- 8.2. At the May 2022 meeting, the Board were advised that initial discussions regarding the required land acquisition had been held with all the affected landowners. Carter Jonas continue to lead on the voluntary land acquisition negotiations with the impacted landowners, with a view to securing the majority of the required land through this route. However, in case this isn't achievable, a CPO is being progressed in parallel.
- 8.3. In March 2022, the Board were advised that the tender process to procure a Design and Build contractor for the project had commenced. A number of tender enquiries have been received and this has resulted in the period for tender submissions being extended by 2 weeks to 9 July 2022. This extension is not expected to impact on the delivery programme previously presented to the Board, with construction of the project still expected to complete in Summer 2025.
- 8.4. Advance site clearance and environmental mitigation works are due to commence in July 2022, with the main construction works expected to commence in Summer 2023.
- 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 Appendix B.
- 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. Following completion of a Variation Agreement, which formalised the requirement for all required land to be acquired by 31 August 2023, the remaining LGF funding was transferred to Kent County Council in March 2022.
- 9.4. As at 31 March 2022, £1.228m of the LGF funding allocation had been spent with the remaining balance expected to be spent in 2022/23 and 2023/24. This reflects a reduction of £0.281m compared to the LGF spend reported at the May 2022 Accountability Board meeting and reflects the 2021/22 year end position.

10. Next Steps

- 10.1. The voluntary land acquisition negotiations will continue, alongside the development of the CPO, with a view to completing the required land acquisition comfortably in advance of 31 August 2023.
- 10.2. Following the conclusion of the period for tender submissions in relation to the Design and Build contract, all submissions will be assessed, and steps will be taken to progress the appointment of a contractor.
- 10.3. As set out above, the release of the remaining LGF funding to Kent County Council was agreed on condition that the required land acquisition is completed by 31 August 2023. As work is ongoing to meet this condition, the project continues to be flagged as High risk, and therefore the Board would typically be provided with an update on project delivery at each meeting.
- 10.4. The current workstreams, including land acquisition and procurement of a Design and Build contractor, are subject to extended programmes and therefore there is a high likelihood of there being no significant progress to report if update reports continue to be provided at each Board meeting, resulting in the repetition of the same information at multiple meetings. Therefore, it is recommended that update reports on the project are provided at alternate Board meetings, with the next update due to be provided in November 2022.

- 10.5. The project will continue to be closely monitored and should there be any significant developments or should any new risks emerge, the project will revert to providing update reports at each 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 in Appendix C.

12. Project Update

- 12.1. This report primarily focuses on providing an update on delivery timescales for each phase of the project. Further detailed information about the project, including more detail on each phase, is set out in Appendix C.
- 12.2. The primary risk to delivery of the proposed works revolves around the need to book the required road space for each phase of the project. Responsibility for the required road space is split between Kent County Council and National Highways, which adds a layer of complexity to the process. In addition, it is imperative that delivery of the project does not clash with other ongoing roadworks so as to minimise the impact on the road network during construction.

Phase 1 – A20 Ashford Road junction with Wilmington Street

- 12.3. 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.
- 12.4. As indicated at the May 2022 Board meeting, Listed Building Consent has now been granted in relation to the relocation of the ragstone wall at Mote Park.
- 12.5. Delivery of this phase of the project cannot commence until the A249 Bearsted Road improvement scheme, which is not funded through the LGF, has been completed so as to minimise the impact on the road network. As reported previously, it is still expected that the Phase 1 works will commence onsite in Spring 2023, with completion anticipated by Winter 2023/24.

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.

- 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. Procurement of a contractor to deliver the improvements to Coldharbour Roundabout has commenced, with this process progressing to the Invitation to Tender (ITT) stage.
- 12.9. It is currently expected that work will commence onsite in Autumn 2022, with completion expected in Summer 2023. As with the phase 1 works, delivery of these works cannot commence until the A249 Bearsted Road improvement scheme has been completed so as to avoid a clash on the National Highways network.
- 12.10. The A20 London Road/Hall Road element of this phase of the project will remove the current signalised crossroads and replace them with a non-signalised junction and will provide bus stops improvements, cycle and pedestrian facilities and sustainable drainage.
- 12.11. As reported previously, it is still expected that work will commence onsite in Summer 2023, with completion anticipated in Spring/Summer 2024.

Phase 3 – A229 Loose Road corridor, Maidstone

- 12.12. The A229 Loose Road corridor element of the project consists of 4 junction improvement schemes on the strategic route leading in and out of Maidstone Town Centre.

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

- 12.13. 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.
- 12.14. Planning consent for the demolition of the Wheatsheaf public house has been granted and work has been progressing to discharge the planning conditions.
- 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. This trial closure will allow traffic data to be collected showing how the junction will operate with the Cranbourne Avenue phase of the traffic signals removed. This information will allow refinements to be made to the proposed junction layout based on real time information, rather than modelling assumptions.
- 12.16. The proposed improvements to this junction remain subject to further consultation with local members.
- 12.17. As reported at the May 2022 Board meeting, it is currently expected that these improvements will be delivered between Summer 2023 and Spring 2024.

A229 Loose Road junction with Armstrong Road

- 12.18. 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.

- 12.19. These works fall under permitted development rights and detailed design work is nearing completion. It is anticipated that this element of the project can be delivered ahead of the proposed Wheatsheaf junction improvements (outlined above) by Kent County Council's term contractor, Amey.
- 12.20. It is currently expected that the works will commence onsite in Summer 2022, with completion expected in Winter 2022/23.

A229 Loose Road junction with Sheals Crescent

- 12.21. 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.
- 12.22. It is anticipated that these improvements will be delivered in conjunction with the works at the Armstrong Road junction detailed above.

A229 Loose Road junction with Boughton Lane/Cripple Street

- 12.23. The current configuration of this junction is a staggered crossroads which cannot be aligned. The aim of this scheme is to allow for additional capacity to move freely through the junction.
- 12.24. A design review has been undertaken to allow incorporation of feedback provided during the consultation process.
- 12.25. There is a requirement for further consultation to be undertaken with local members prior to the commencement of works onsite. It is currently anticipated, subject to the outcome of this consultation, that works will begin in Summer 2023, with the improvements due to complete in Spring 2024.

13. Next Steps

- 13.1. Work will continue to progress all phases of the project, including appointment of a contractor to deliver the Coldharbour Roundabout improvement scheme.
- 13.2. Following the award of Listed Building Consent for the relocation of the ragstone wall at Mote Park, the risk rating applied to the project has been reduced from High to Medium/High. As a result, updates on project delivery will no longer be provided at each Board meeting. However, delivery of the project will continue to be closely monitored and further update reports will be provided to the Board if new risks are identified.

Grays South

14. Summary Position

- 14.1. 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.

- 14.2. 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.
- 14.3. 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:
- 14.3.1. enabling delivery of 84 homes and 1,279 sqm of retail floorspace by 2025;
 - 14.3.2. supporting commercial development in Grays by creating a more attractive town centre and higher quality commercial space.
- 14.4. Further information on the project can be found in Appendix D.
- 14.5. 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.
- 14.6. Following a reported increase in project cost, concerns were raised regarding the ability of the project to continue to offer High value for money and an updated value for money assessment was requested. LGF spend on the project was placed on hold whilst the updated value for money assessment was prepared. Subsequently at the last meeting the Board noted that the updated value for money assessment demonstrated that the project continues to offer High value for money with Medium certainty of achieving this. It was also agreed LGF spend on the project could recommence in accordance with the funding breakdown shown in Table 2 below.

Table 2: Grays South - 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 | 1.40 |
| 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 |

15. Project Update

- 15.1. The Board were advised at the last meeting that two planning applications had been submitted to Thurrock Council in relation to the project and that determination of these applications was expected in July 2022. Work on both planning applications is progressing at pace, however, it has now been confirmed that it will not be possible for them to be determined during July. A number of queries and holding objections have recently been received by the Local Planning Authority, which have delayed determination of the applications. The project team and planning officers are working, in conjunction with the relevant consultees, to bring each matter to a satisfactory conclusion. It is now hoped that the planning applications will be determined in mid-August 2022.
- 15.2. 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. Private treaty or bilateral transaction negotiations are ongoing with the affected landowners. A CPO process will run alongside these negotiations in case it is required. Preparation for the CPO process has commenced with land referencing currently underway. It is expected that the CPO will be made in September 2022, with an estimated timeline of 18 to 21 months for completion.
- 15.3. 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. It was reported at the last meeting that GRIP Stage 3 (Option Selection) had been completed and that contracts were being drafted with Network Rail for progression through Stages 4 and 5 (Single Option Development and Detailed Design). It was reported that these contracts would be complete in June 2022, however, it is now expected that the GRIP Stage 4 (Single Option Development) Development Services Agreement with Network Rail will not be signed until late July 2022. Whilst this reflects a slight delay, work is on track to meet this new timeline.
- 15.4. The delivery programme remains broadly as reported at the last meeting, with the underpass expected to complete by November 2024 (assuming that the CPO will not be needed). The only change to the programme is that the Single Option Development (GRIP Stage 4) work will now run from July to September 2022, rather than June to September 2022 as previously reported. This has been adjusted to reflect the change in expected completion date of the Development Services Agreement as outlined above. If the CPO is required, the programme will be extended by 18 to 21 months.

16. Next Steps

- 16.1. The private treaty or bilateral transaction negotiations will continue, as will preparation for the making of the CPO. In addition, it is anticipated that the planning applications will be determined in August 2022.
- 16.2. The GRIP Stage 4 (Single Option Development) Development Services Agreement with Network Rail will be signed in late July, allowing work to commence on the design for the project.
- 16.3. A further update, which outlines the latest position with these activities, will be presented to the Board in September 2022. Page 66 of 192

17. Financial Implications (Accountable Body comments)

- 17.1. 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.
- 17.2. 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.
- 17.3. 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.
- 17.4. 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.
- 17.5. 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.
- 17.6. 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.

18. Legal Implications (Accountable Body comments)

- 18.1. 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.

19. Equality and Diversity Implications

- 19.1. 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:
 - 19.1.1. Eliminate unlawful discrimination, harassment and victimisation and other behaviour prohibited by the Act
 - 19.1.2. Advance equality of opportunity between people who share a protected characteristic and those who do not.

- 19.1.3. Foster good relations between people who share a protected characteristic and those who do not including tackling prejudice and promoting understanding.
- 19.2. The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation.
- 19.3. 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.

20. List of Appendices

- 20.1. Appendix A – A13 Widening Project Background
- 20.2. Appendix B – A28 Sturry Link Road Project Background
- 20.3. Appendix C – Maidstone Integrated Transport Package Project Background
- 20.4. Appendix D – Grays South Project Background

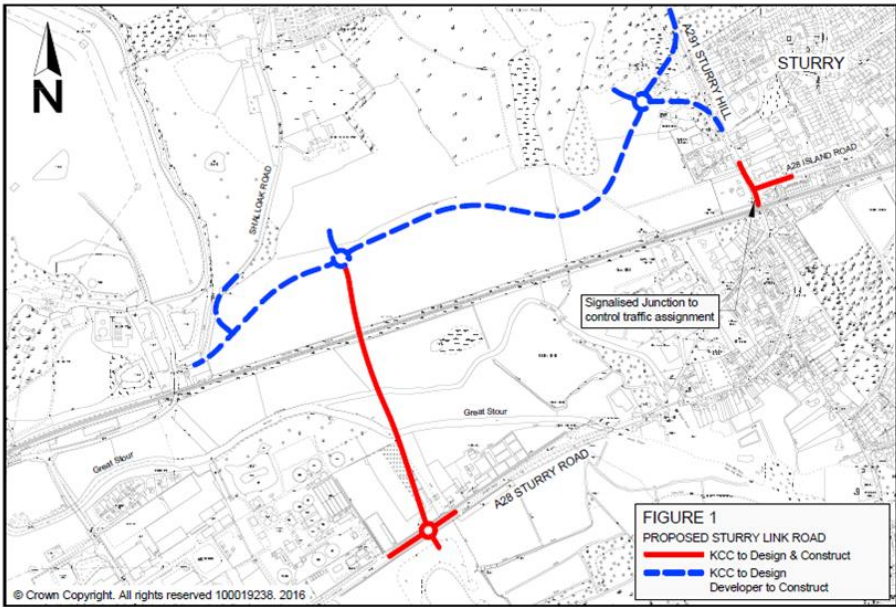
(Any request for background papers listed here should be made to the person named at the top of the report who will be able to help with any enquiries)

| Role | Date |
|--|--------------------|
| Accountable Body sign off Michael Neumann, Head of Finance (on behalf of Nicole Wood, S151 Officer, Essex County Council) | 06/07/2022 |

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 |
| 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 | | | | | | | | | | | | | |
| 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">Electrical connections to the eastern end of the scheme not completed until July 2022, meaning speed limits will remain in force until September 2022Slow progress from the Environment Agency around specific approvals, expected to be completed by end of June 2022. <p>The Project is nearing completion, with the main highway works completing in May 2022. It is likely that non highway works will continue until Autumn 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 passing per hour, the level crossing is closed for up to 20</p> |

| | 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 | | 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 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Funding Package | <table><tr><th rowspan="2">Funding Source</th><th colspan="8">Application in year in £000s</th><th rowspan="2">Total</th></tr><tr><th>Prior to 2021/22</th><th>2021/22</th><th>2022/23</th><th>2023/24</th><th>2024/25</th><th>2025/26</th><th>2026/27</th><th>2027/28</th></tr><tr><td>Local Growth Fund</td><td>1,109</td><td>119</td><td>3,818</td><td>854</td><td></td><td></td><td></td><td></td><td>5,900</td></tr><tr><td>KCC Forward Funding</td><td></td><td></td><td></td><td>600</td><td>6,100</td><td>-2,600</td><td>-2,600</td><td>-1,500</td><td>0</td></tr><tr><td>Herne Bay S.106</td><td>250</td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td>250</td></tr><tr><td>Hopland S.106</td><td>1,200</td><td></td><td></td><td></td><td></td><td></td><td></td><td>-1,200</td><td>0</td></tr><tr><td>Sturry S.106</td><td></td><td></td><td></td><td>1,100</td><td>2,063</td><td>2,063</td><td>2,063</td><td>1,513</td><td>8,800</td></tr><tr><td>Broad Oak S.106</td><td></td><td></td><td>825</td><td>2,063</td><td>2,063</td><td>2,063</td><td>1,788</td><td></td><td>8,800</td></tr><tr><td>North Hersden S.106</td><td></td><td></td><td></td><td></td><td>2,000</td><td>1,650</td><td>1,050</td><td>1,125</td><td>5,825</td></tr><tr><td>Totals</td><td>2,559</td><td>119</td><td>4,643</td><td>4,617</td><td>12,225</td><td>3,175</td><td>2,300</td><td>-63</td><td>29,575</td></tr></table> | | | | | | | | | | Funding Source | Application in year in £000s | | | | | | | | Total | Prior to 2021/22 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 | Local Growth Fund | 1,109 | 119 | 3,818 | 854 | | | | | 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 | 119 | 4,643 | 4,617 | 12,225 | 3,175 | 2,300 | -63 | 29,575 |
| Funding Source | Application in year in £000s | | | | | | | | Total | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Prior to 2021/22 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Local Growth Fund | 1,109 | 119 | 3,818 | 854 | | | | | 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 | 119 | 4,643 | 4,617 | 12,225 | 3,175 | 2,300 | -63 | 29,575 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 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.southeastlepp.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 | | |
| | 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 | The Project consists of three distinct phases as set out below. | |
| | <u>Phase 1 – LGF Allocation £1.802m</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. | |
| | 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. | |
| | <u>Phase 2 – LGF Allocation £4.583m</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 to improve capacity and traffic flows at the roundabout. The proposed works are expected to improve capacity of the roundabout by 60% in the morning peak and 40% in the evening peak. | |
| | <u>Phase 3 – LGF Allocation £2.000m</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. | |
| | 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>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.</p> <p>A229 Loose Road junction with Armstrong Road – this is a relatively small junction improvement that requires the relocation of the existing pedestrian crossing to the southern side of Loose Road which will 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 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.</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.southeastlepp.com/project/maidstone-integrated-transport/</p> |

Appendix D – LGF Project Background Information

| Name of Project | Grays South Thurrock Council | | | | | | | | | |
|--------------------------------------|--|--|---------------|-------------|---------------|-----|---------------|-----|--------------|--------------|
| Local Growth Fund (LGF) allocation | <table><tr><th>Date of Award</th><th>Amount (£m)</th></tr><tr><td>February 2019</td><td>3.7</td></tr><tr><td>November 2019</td><td>7.1</td></tr><tr><td>Total</td><td>10.84</td></tr></table> | | Date of Award | Amount (£m) | February 2019 | 3.7 | November 2019 | 7.1 | Total | 10.84 |
| Date of Award | Amount (£m) | | | | | | | | | |
| February 2019 | 3.7 | | | | | | | | | |
| November 2019 | 7.1 | | | | | | | | | |
| Total | 10.84 | | | | | | | | | |
| Description of what Project delivers | <p>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.</p> <p>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.</p> | | | | | | | | | |
| Current Planning Applications | <p>Two applications to be considered by Thurrock Council Planning Committee in August 2022:</p> <p>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.</p> <p>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.</p> | | | | | | | | | |

| Delivery Milestones | <table><tr><th>Milestone</th><th>Start date</th><th>End date</th></tr><tr><td>Procurement and contracts for next stages</td><td>June 2021</td><td>June 2022</td></tr><tr><td>Land assembly</td><td>Autumn 2021</td><td>November 2022</td></tr><tr><td>Single Option Development (GRIP Stage 4)</td><td>July 2022</td><td>September 2022</td></tr><tr><td>Detailed Design (GRIP Stage 5)</td><td>September 2022</td><td>February 2023</td></tr><tr><td>Implementation (GRIP Stage 6)</td><td>February 2023</td><td>May 2024</td></tr><tr><td>Project Hand Back (GRIP Stage 7)</td><td>May 2024</td><td>August 2024</td></tr><tr><td>Project Close Out (GRIP Stage 8)</td><td>August 2024</td><td>November 2024</td></tr></table> | | | Milestone | Start date | End date | Procurement and contracts for next stages | June 2021 | June 2022 | Land assembly | Autumn 2021 | November 2022 | Single Option Development (GRIP Stage 4) | July 2022 | September 2022 | Detailed Design (GRIP Stage 5) | September 2022 | February 2023 | Implementation (GRIP Stage 6) | February 2023 | May 2024 | Project Hand Back (GRIP Stage 7) | May 2024 | August 2024 | Project Close Out (GRIP Stage 8) | August 2024 | November 2024 |
|---|---|----------------|----------------|-----------|------------|----------|---|-----------|-----------|---------------|-------------|---------------|--|-----------|----------------|--------------------------------|----------------|---------------|-------------------------------|---------------|----------|----------------------------------|----------|-------------|----------------------------------|-------------|---------------|
| | Milestone | Start date | End date | | | | | | | | | | | | | | | | | | | | | | | | |
| | Procurement and contracts for next stages | June 2021 | June 2022 | | | | | | | | | | | | | | | | | | | | | | | | |
| | Land assembly | Autumn 2021 | November 2022 | | | | | | | | | | | | | | | | | | | | | | | | |
| | Single Option Development (GRIP Stage 4) | July 2022 | September 2022 | | | | | | | | | | | | | | | | | | | | | | | | |
| | Detailed Design (GRIP Stage 5) | September 2022 | February 2023 | | | | | | | | | | | | | | | | | | | | | | | | |
| | Implementation (GRIP Stage 6) | February 2023 | May 2024 | | | | | | | | | | | | | | | | | | | | | | | | |
| | Project Hand Back (GRIP Stage 7) | May 2024 | August 2024 | | | | | | | | | | | | | | | | | | | | | | | | |
| | Project Close Out (GRIP Stage 8) | August 2024 | November 2024 | | | | | | | | | | | | | | | | | | | | | | | | |
| It should be noted that this programme assumes that a CPO will not be required. | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Project Costs | 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 | 1.4 | | | | | | | | | | | | | | | | | | | |
| | LGF | - | 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 | | | | | | | | | | | | | | | | | | | |
| Project benefits | <p>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.</p> <p>Key benefits of the Project include:</p> <ul style="list-style-type: none">enabling delivery of 84 homes and 1,279 sqm of retail floorspace by 2025;supporting commercial development in Grays by creating a more attractive town centre and higher quality commercial space. | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Project constraints | <ul style="list-style-type: none">Cost increases, although the costs provided include a 30% risk upliftThe project involves the acquisition of property and land which could extend the project timelineThe project is dependent on progression through the GRIP process with Network Rail | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Link to Project page on the | https://www.southeastlepp.com/project/grays-south/ | | | | | | | | | | | | | | | | | | | | | | | | | | |

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|--|--|
| website with full Business Case | |
|--|--|

Forward plan reference number: FP/AB/539

| | |
|---|----------------------|
| 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: 15 July 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 Local Growth Fund (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.
 - 2.1.3. Agree **one** of the following two options with regard to the Project:
Option 1
 - 2.1.4. **Agree** that although an updated Business Case has not been provided, as set out in the report presented to the Board at the May 2022 meeting, the LGF funding should remain allocated to the project on condition that an updated Business Case is submitted for consideration at the Board meeting on 23 September 2022; **OR**
Option 2

- 2.1.5. **Agree** that, as it is still not possible for the extension to the Project completion date requested in November 2021 to be verified, the LGF funding allocated to the Project should be returned to Essex County Council, as Accountable Body for SELEP, for reallocation to alternative projects.

3. Background

- 3.1. The main aims of the Project are to:

- 3.1.1. Develop an interchange that will connect bus, rail, cycle, taxi and pedestrian modes of transport at Stanford le Hope station.
- 3.1.2. Expand capacity at Stanford le Hope Station.
- 3.1.3. Implement a package of works that meets the requirements of travel plans for London Gateway and unlocks the next phase of development at London Gateway. Provide improvements to public transport infrastructure and service reliability to new housing developments and to the major employment growth sites at London Gateway/Coryton.
- 3.1.4. Help curb traffic growth and minimise growth in transport emissions in the area through this new transport interchange.

- 3.2. To assist with delivery of this complex regeneration project, the works as set out in the original Business Case have been split into 2 phases:

- 3.2.1. Station building - 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 High 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 submission of an updated Business Case which set out the updated Value for Money and Benefits offered by the Project for consideration by the Board in April 2022 at the latest. The April 2022 Accountability Board meeting was subsequently postponed to May 2022.
- 3.13. At the May 2022 meeting, the Board were advised that delays in data collection had resulted in the updated Business Case not being available for review by the Independent Technical Evaluator (ITE) in advance of the Board meeting. As a consequence, the Project did not meet the conditions attached to the agreement (as set out in Section 3.12 of this report) of a further extension of the project completion date to July 2024 and therefore the extension has not been granted.
- 3.14. The Board was advised that it was anticipated that the updated Business Case would be submitted in time for the ITE review to be completed in advance of this Board meeting.

4. Summary Position - Updated Business Case

- 4.1. As outlined above, it was expected that an updated Business Case with all the required information would be available for the ITE to complete their review in advance of this Board meeting. While an updated Business Case was submitted to SELEP and was subject to a Gate 1 review by the ITE, following an inter-gate call between Thurrock Council, Lambert

Smith Hampton (Thurrock Council's consultants), Steer and SELEP, it became evident that quite a lot of additional work was required to complete this process.

- 4.2. During the inter-gate call, the ITE set out the additional information that would be required to complete the Business Case. This information included provision of two documents, a Monitoring and Evaluation Plan and a Benefits Realisation Plan, which were not required at the time of the original Business Case submission in 2017.
- 4.3. It was agreed that the final updated Business Case would be submitted on 15 June 2022 in order for the ITE to complete the Gate 2 review and prepare their report in advance of this meeting. However, due to the need to complete the Monitoring and Evaluation documents and to seek data from a third party to support the required sensitivity testing in relation to the impacts of Covid-19 on rail usage, Thurrock Council were not in a position to provide the information in time for the process to be completed in advance of this Board meeting. Work between Thurrock Council and SELEP continues in order to ensure that the updated Business Case can be presented to the Board in September 2022, with the final Business Case due to be submitted in late-July 2022. A verbal update on the status of the Business Case will be provided during the meeting.

5. Project Progress Since Last Report

Phase 1 Station Upgrade

- 5.1. Thurrock Council has 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 3 March 2022. A letter of intent has been issued to VolkerFitzpatrick, to allow for the process of developing the detailed scope of work to be delivered, in advance of contract signing. VolkerFitzpatrick and Thurrock Council's legal teams are working to finalise the fine details of the New Engineering Contract (NEC). This appointment is under a fixed price design and build contract using NEC Engineering and Construction Contract (ECC) Option A. NEC ECC 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. The final version of the NEC contract will need to be issued to c2c (the train operator) to review.
- 5.4. 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.
- 5.5. 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 linked 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 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 | September 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 May 2022.
- 8.2. As stated at Section 5.2 of this report, a contractor has been appointed to deliver Phase 1, with the final legal matters drawing to a close. Any updates on this position will be given by Thurrock Council as a verbal update 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 September 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. A separate project steering group has been established to oversee this element of the programme and design review meetings have been programmed. A considerable amount of survey and design work has already been undertaken on the interchange design and therefore it is anticipated that the design process will be accelerated to meet the programme timelines.
- 10.3. Work continues to produce the Monitoring and Evaluation documents required as part of the Business Case submission and to undertake the required sensitivity testing so as to finalise the updated Business Case. Thurrock Council are continuing to engage with c2c to obtain the required information regarding covid-19 impacts on rail usage to inform the sensitivity testing and are actively compiling the required Monitoring and Evaluation documents, with much of the required information already available within the internal project management plan. A verbal update on the status of the Business Case will be provided during the meeting, with submission due by late-July 2022 ensuring there is sufficient time for completion of the ITE review in advance of the September 2022 Board meeting.

11. SELEP comments

- 11.1. As an updated Business Case was not in a position to be assessed in its entirety by the ITE, as set out in 4.1, 4.2 and 4.3 above, SELEP's comments from the May 2022 report remain relevant and are outlined below along with some additional comments.
- 11.2. 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 the May 2022 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, a full 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. As outlined at the last meeting, this means that the extension to the Project completion date has not been agreed and, should the Board agree the retention of LGF funding against the Project, this will form part of the Board's consideration of the Project in September 2022, alongside the updated Business Case.
- 11.3. 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 and therefore Thurrock Council will be able to provide this confirmation in September 2022.

- 11.4. 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.
- 11.5. 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. It must also consider the effects on public transport services during and following the recent pandemic and possible consequences on the Phase 2 proposals.
- 11.6. An initial draft of the required updated Business Case was submitted by Thurrock Council in May 2022 and a Gate 1 review was undertaken by the ITE. This review identified a number of points which needed to be clarified prior to final Business Case submission, alongside some more substantial items which needed to be fully addressed. These items included provision of the required Monitoring and Evaluation documents and completion of required sensitivity testing in relation to the impact of covid-19 on rail usage.
- 11.7. Submission of the Monitoring and Evaluation documents is now a requirement for all LGF Business Cases brought forward for Board consideration, however, this wasn't a requirement at the time of original Business Case submission in 2017 and was therefore overlooked by Thurrock Council. It is acknowledged that if the requirement for submission of Monitoring and Evaluation documentation had been reiterated by SELEP officers immediately following submission of the revised Business Case, that it may have been possible for the final Business Case to be submitted in time for consideration at this meeting.
- 11.8. The ITE identified a need for sensitivity testing to be undertaken to ensure that the impact of covid-19 on rail usage was considered. In order to conduct this sensitivity testing, Thurrock Council needed to secure data from c2c (as the rail operator). This information was not readily available and has contributed to the delay in completion of the final updated Business Case.
- 11.9. Should the Board agree that the LGF funding remain allocated to the Project, SELEP officers will engage with Thurrock Council officers on a weekly basis to ensure that the Business Case is completed in time for ITE review in advance of the September Board meeting. In addition, SELEP will offer guidance where required in completing the Monitoring and Evaluation documentation and will ensure that any outstanding queries, either in relation to the Business Case or other assurances required by the Board, are raised with Thurrock Council in a timely manner to ensure that a full and complete project update is provided to the Board in September 2022.

- 11.10. The report presented to the Board in May 2022 stipulated that, should an updated Business Case not be submitted in time for consideration at this meeting, the Board would be asked to consider whether the LGF funding should remain allocated to the Project. As such, the Board are asked to agree one of the following two options, as set out in Section 2.1.3 of this report:

Option 1

- 11.10.1. **Agree** that although an updated Business Case has not been provided, as set out in the report presented to the Board at the May 2022 meeting, the LGF funding should remain allocated to the project, on condition that an updated Business Case is submitted for consideration at the Board meeting on 23 September 2022;
OR

Option 2

- 11.10.2. **Agree** that, as it is still not possible for the extension to the Project completion date requested in November 2021 to be verified, the LGF funding allocated to the Project should be returned to Essex County Council, as Accountable Body for SELEP, for reallocation to alternative projects.
- 11.11. Option 1 provides Thurrock Council a further extension to the deadline for submitting the final revised Business Case for ITE review and consideration by the Board. If this deadline is not met, Board approval for removal of the LGF funding from the Project will be sought at the September 2022 meeting.
- 11.12. If Option 1 is agreed by the Board, SELEP officers will work closely with Thurrock Council officers to ensure that the Business Case is completed in time for ITE review in advance of the September Board meeting, as set out in Section 11.9 of this report.
- 11.13. Option 2 requires the removal of the LGF funding from the Project as it has still not been possible to verify the extension to the Project completion date requested in November 2021. The extension to the Project completion date was agreed in November 2021, subject to provision of an updated Business Case, for consideration by the Board in April 2022. It hasn't been possible for this Business Case to be presented to the Board in either May (rearranged April 2022 Board meeting) or today, and therefore the ongoing viability of and value for money offered by the Project cannot be confirmed at this stage.
- 11.14. As set out within this report, the LGF funding has already been spent in full and therefore removal of the funding will increase the existing budgetary pressure felt by Thurrock Council. However, inclusion of this option is required as without the final revised Business Case, it is not possible to confirm that the Project continues to meet the requirements of the SELEP Assurance Framework.
- 11.15. If the Board agree Option 2, the removal of the LGF funding from the Project will be formalised through the completion of a Variation Agreement between SELEP Ltd, Essex County Council (as Accountable Body for SELEP) and Thurrock Council. The funding should be returned to Essex County Council within 4 weeks of this Board meeting.

- 11.16. The £7.5m LGF funding allocated to this Project exceeds the value of the additional funding sought by those projects remaining on the LGF prioritised project pipeline (£4.97m). Therefore, if the Board agree Option 2, proposals for the investment of the remaining LGF funding will be presented to the Strategic Board in October 2022.

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. The SLA provides for changes to the project to be considered by Accountability Board for approval. The SLA also sets out that Accountability Board has the option to require all or part of the grant if the Partner Authority fails to deliver the Project in accordance with the approved business case or the project can no longer meet the grant conditions.

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 Michael Neumann, Head of Finance (on behalf of Nicole Wood, S151 Officer, Essex County Council) | 06/07/2022 |

Appendix A – LGF Project Background Information

| | |
|---|---|
| Name of Project | <p>London Gateway/Stanford Le Hope</p> <p>Thurrock Council</p> |
| Local Growth Fund (LGF) allocation | <p>£7.5m (awarded February 2017)</p> |
| 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: LGF additional funding awards | |
| Report to: Accountability Board | |
| Report author: Howard Davies, SELEP Capital Programme Officer | |
| Meeting date: 15 July 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 award of Local Growth Fund (LGF) to projects on the pipeline should additional LGF funding become available as a result of the Board deciding to remove allocations from projects under earlier decisions on the agenda.
- 1.2. If there is no LGF available to be reallocated, this report will not be considered by the Board. Projects will only be considered for award where sufficient allocation is available. The available balance of LGF will be clearly presented to the Board ahead of any decisions being considered.

2. Recommendations

- 2.1. The Board is asked to:
 - 2.1.1. **Note** that the award of additional LGF funding to the projects outlined in this report will only be considered if further funding becomes available as a result of decisions taken by the Board during the course of this meeting.
 - 2.1.2. **Agree** that the A13 Widening Project as set out in Appendix D meets the conditions for LGF spend beyond 30 September 2021, subject to Strategic Board endorsement in October 2022.
 - 2.1.3. **Agree** the award of additional LGF to the following projects in the order they appear on the LGF COVID-19 response fund prioritised project pipeline, subject to sufficient LGF funding being returned to the SELEP Accountable Body for reallocation:
 - 2.1.3.1. Southend Airport Business Park - Part A - **£320,483** (remaining balance of LGF ask of £600,000 - £72,517 awarded at September 2021 Board and £207,000 awarded at May 2022 Board)
 - 2.1.3.2. Southend Airport Business Park - Part B - **£500,000**
 - 2.1.3.3. Southend Airport Business Park - Part C - **£500,000**

LGF additional funding awards

2.1.3.4. University of Essex Parkside - Phase 3 - **£1.65m**

2.1.3.5. 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 was awarded a further £207,000 at the May 2022 Board meeting, making a total of £279,517 of the £600,000 awarded to the project to date. This was as a result of LGF being returned to the project pipeline from the A127 Essential Maintenance/The Bell Part A project, which has now been completed.
- 3.4. Since the establishment of the LGF pipeline, the Board has agreed the removal of the Maidstone East Station Access Improvements (West Kent LSTF) and the A127 Essential Maintenance/The Bell Part B projects from the pipeline.
- 3.5. The total value of the LGF ask for the remaining six projects is £4.970 million.
- 3.6. The pipeline of LGF projects was established to provide the opportunity for existing LGF projects, which were struggling with cost increases or reduced local funding contributions due to the impact of COVID-19 or Brexit, to seek additional LGF funding.
- 3.7. For projects to be considered for additional LGF, scheme promoters were required to demonstrate:
- 3.7.1. a legitimate case for why additional public sector investment was required in the project;
 - 3.7.2. that the project remained a strategic priority in supporting the COVID-19 economic recovery and/or in addressing the challenges presented by Brexit;
 - 3.7.3. that the project continued to present high value for money; and
 - 3.7.4. that if additional funding was awarded to the project, that the project was in a strong position to proceed to delivery, with no substantial delivery risks.
- 3.8. The requests for additional funding for the remaining projects on the pipeline, except for the Dartford Town Centre Improvements project, have been submitted for review by the Independent Technical Evaluator (ITE) to allow timely funding decisions to be taken if and when any additional LGF funding becomes available.

LGF additional funding awards

- 3.9. 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.
- 3.10. 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.
- 3.11. It is not known if any additional LGF funding will become available for reallocation at this meeting. However, if the Board decide to remove LGF from existing projects during the meeting reallocation of this funding will be in accordance with the agreed pipeline shown in Appendix C.

4. Summary Position

- 4.1. 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.

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 | 23.370 | 0.320 | 23.690 | 0.320 |
| Southend Airport Business Park - Part B | | 0.500 | 24.190 | 0.820 |
| Southend Airport Business Park - Part C | | 0.500 | 24.690 | 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 | 114.170 | 4.970 | 119.140 | |
| *subject to submission of an updated Business Case and completion of a review by the ITE | | | | |

- 4.2. As reported under Agenda Item 7, 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 September 2022.
- 4.3. The projects detailed in this report have previously provided updated versions of their applications for additional LGF funding, and each local authority has confirmed that this information is still valid and up to date. These applications have been reviewed by the ITE to ensure the projects continue to present High value for money, based on their original Business Case and the additional funding ask.
- 4.4. The outcome of the ITE review is set out in Appendix A as attached to Agenda Item 11.
- 4.5. It should be noted that a revised economic appraisal was undertaken for the A13 Widening project as part of its application for additional LGF funding. This assessment demonstrated that the Benefit Cost Ratio (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 impact of the Lower Thames Crossing had been provided. This assessment demonstrated a BCR of 2.5:1, which represents High value for money.

LGF additional funding awards

The Board are therefore asked to consider the fact that the A13 Widening Scheme no longer offers High value for money in isolation, however, when considered in conjunction with the Lower Thames Crossing, High value for money is maintained.

- 4.6. All projects listed in Table 1, with the exception of the Dartford Town Centre Improvements project, are considered to still present High value for money with a High level of certainty, subject to consideration of the points raised above with regard to the A13 Widening project.
- 4.7. No concerns have been raised about the deliverability of the projects on the pipeline, as local partners plan to meet the increase in project costs, if no further funding becomes available through this mechanism. These projects will remain under review and risks to the delivery of the projects will be brought to the Board's attention.
- 4.8. The project information provided in Appendix B includes details on project specific risks. In addition to these risks, it should be noted that clearly none of the projects considered within this report will be able to spend any additional LGF funding awarded at this meeting prior to the end of September 2021. As a result, information has been provided in Appendix D which sets out how the A13 Widening project meets the conditions previously agreed by the Board for LGF spend beyond 30 September 2021.
- 4.9. The University of Essex - Parkside 3 and the Southend Airport Business Park Projects already have approval from both the Board and Strategic Board for LGF spend beyond 30 September 2021.
- 4.10. The Board are asked to consider whether the A13 Widening project as set out in this report, meets the conditions previously agreed by the Board for LGF spend beyond 30 September 2021 before agreeing the reallocation of any funding that may become available during the course of this meeting. The Board are advised that any award of additional LGF funding to this project will be subject to the outcome of 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 October 2022 should the A13 Widening project be awarded any additional funding at this meeting.
- 4.11. If the value of LGF returned for reallocation at this meeting exceeds the value of LGF being sought by the projects in Table 1 then initial proposals on the approach to allocating the remaining funding will be presented to the Strategic Board in October 2022.
- 4.12. Transfer of any available funding to the Upper Tier Local Authorities responsible for the projects identified in this report is dependent upon return of the removed LGF allocations to Essex County Council, as the Accountable Body for SELEP. In addition, variation agreements will need to be put in place to address any changes in LGF allocation.
- 4.13. If allocations are not available for all projects, the pipeline will be maintained in case further LGF funding becomes available for reallocation. Those projects in the pipeline will be brought forward for approval as and when allocations become available.

Southend Airport Business Park Part A, B & C

- 4.14. The request for additional LGF investment is in three parts:

LGF additional funding awards

- 4.14.1. Part A - £320,483 (Original ask £600,000 - £72,517 awarded in September 2021 and the award of a further £207,000 awarded in May 2022) – 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.
- 4.14.2. 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 funding award in 2018. 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.
- 4.14.3. 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.
- 4.15. 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.
- 4.16. Further information is provided in Appendix B1.

University of Essex Parkside 3

- 4.17. £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

- 4.18. 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.
- 4.19. Further information is provided in Appendix B3.

Dartford Town Centre

- 4.20. 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 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

LGF additional funding awards

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.

- 4.21. In the meantime, delivery of the project has continued with the initial works (Phase 1) completed in September 2020. Full construction of Phase 1a of the project is expected to complete in October 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.

5. Financial Implications (Accountable Body comments)

- 5.1. This report is being presented at this meeting, conditional on additional LGF becoming available for reallocation, as a result of previous agenda items.
- 5.2. Essex County Council, as the Accountable Body, is responsible for ensuring that the LGF funding is utilised in accordance with the conditions set out by Government for use of the Grant.
- 5.3. All LGF is transferred to the Project Lead Authorities, under the terms of a Funding Agreement or SLA which makes clear that funding can only be made available when the Accountable Body is in receipt of the funding; whilst all funding in this respect has been received from HM Government, there may be funding that needs to be recovered from Partner Authorities in advance of reallocation.
- 5.4. The Agreements also set out the circumstances under which funding may have to be repaid should it not be utilised in line with the conditions of the grant or in accordance with the Decisions of the Board.
- 5.5. Should the Board approve the award of LGF to specific pipeline projects in this report, a Variation Agreement to the current SLAs will be put in place to include each project LGF allocation.
- 5.6. The transfer of LGF to each Lead Authority will be subject to the Variation Agreements being in place.
- 5.7. As referenced in Appendix item 6, 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.

6. Legal Implications (Accountable Body comments)

- 6.1. 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.

- 6.2. The LGF must be administered in accordance with the terms of the Grant Determination Letter between the Accountable Body and Central Government, and used in accordance with the terms of the Service Level Agreement between the Accountable Body, local authorities and SELEP Ltd.

7. Equality and Diversity Implications

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

8. List of Appendices

- 8.1. Appendix A – Report of the Independent Technical Evaluator (as attached to Agenda Item 11)
- 8.2. Appendix B – Project Background Information
- 8.3. Appendix C – LGF Project Pipeline
- 8.4. Appendix D – Evidence of compliance with conditions for LGF spend beyond 30 September 2021

9. List of Background Papers

- 9.1. [Southend Airport Business Park Project webpage](#)
- 9.2. [University of Essex Parkside - Phase 3 Project webpage](#)
- 9.3. [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 | Page 96 of 192 | Date |
| Accountable Body sign off | | 06/07/2022 |

LGF additional funding awards

| | |
|--|--|
| Michael Neumann, Head of Finance (on behalf of Nicole Wood, S151 Officer, Essex County Council) | |
|--|--|

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, £279,517 already awarded). 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 funding award in 2018. 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 a 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 awarded to date: £279,517 (awarded in September 2021 and May 2022)</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>0.207</td><td>0.280</td></tr><tr><td>Additional LGF still sought</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>* 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 | 0.280 | Additional LGF still sought | | | | | | 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 |
| 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 | 0.280 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Additional LGF still sought | | | | | | 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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|---|---|
| Risks to project delivery | The residual risk of the fully enabled site, after the successful relocation of Westcliff Rugby Club made possible by the original LGF award, is development viability at plot level mainly as a consequence of (i) ground conditions and (ii) site plot levels. |
| Outcome of ITE Review | The project continues to represent High value for money with a High certainty of achieving this. Further information can be found in the Report of the Independent Technical Evaluator (Appendix A as attached to Agenda Item 11). |
| 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, although work has now recommenced on the project with construction work in progress.</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 sought | 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

- Tenant led changes as a result of a pre-let could affect project;
- Changes in scope that require the development to align with market demands, for example higher levels of internal fit out for multiple tenants, necessitating additional design works and costs which will negatively impact upon project time/scope/cost;
- COVID-19 pandemic negatively affecting the project timetable.

Outcome of ITE Review

The additional funding increases the cost of the project from £10.5m to £12.15m. The BCR remains above 2:1 and therefore offers High value for money with a High certainty of achieving this.

Further information can be found in the Report of the Independent Technical Evaluator (Appendix A as attached to Agenda Item 11).

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

Project page:

<https://www.southeastlep.com/project/university-of-essex-parkside-phase-3-colchester/>

Application for additional LGF funding:

<https://www.southeastlep.com/app/uploads/2020/10/Parkside-3-additional-LGF-Application.pdf>

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>

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>The road was opened to traffic in early May 2022 (subject to application of reduced speed limits). Off road works are expected to continue until summer 2022, with some seasonal works required in late 2022. 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 7)</p> |
| Risks to project delivery | <p>Risks to project delivery are minimal as the main package of highway works to allow traffic to run completed in May 2022, with speed restrictions. 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 A as attached to Agenda Item 11).</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 15 July 2022

| Project Name | Current LGF Allocation (£m) | Additional LGF Requested (£m) |
|---------------------------------------|-----------------------------|-------------------------------|
| Southend Airport Business Park Part A | 23.370 | 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 | 114.170 | 4.970 |

*subject to submission of an updated 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 completed in May 2022, but off highway works will continue until Summer 2022. Some seasonal works will complete later in the year but are expected to be removed from the main contract.</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 October 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> |

| | |
|---|----------------------|
| Report title: Getting Building Fund Capital Programme update | |
| Report to: Accountability Board | |
| Report author: Helen Dyer, SELEP Capital Programme Manager | |
| Meeting date: 15 July 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 an update on those projects which have received approval for retention of GBF funding beyond 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 £50.666m, as set out in Table 2.

2.1.2. Agree **one** of the following two options with regard to the Better Queensway project:

Option 1

2.1.2.1. **Agree** that the Better Queensway project can have an extension until the September 2022 Board meeting to provide the required assurances, as detailed in Section 5.14 of this report, regarding continued delivery of the wider project **OR**

Option 2

2.1.2.2. **Agree** that, as the required confirmation that the Better Queensway project will proceed as planned has not been provided for consideration at this Board meeting, the project should be removed from the GBF programme and the £4.2m GBF funding allocation returned to Essex County Council, as Accountable Body for SELEP, 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. All conditions attached to the award of funding to these projects have now been met.
- 3.2. Following the award of funding to these projects, a very limited GBF prioritised project pipeline remained in place, with only the Braintree – Active Travel project remaining on the pipeline seeking GBF investment of £1.709m.
- 3.3. At the May 2022 meeting, the Board agreed that the Riding Sunbeams Solar Railways project be removed from the GBF programme due to insurmountable technical issues which meant that the project could not be delivered at this time. This released £2.5275m GBF for reallocation to alternative projects.
- 3.4. As the GBF funding returned to SELEP exceeded that requested by the project remaining on the GBF prioritised project pipeline, a proposed approach to developing a new project pipeline was presented to the Strategic Board in June 2022. It was proposed that the funding be used to support existing GBF projects which have experienced cost increases due to the impacts of the COVID-19 pandemic, Brexit or as a result of current high inflation levels. This approach was broadly agreed by the Strategic Board but further clarification needs to be sought on the finer details of the proposal and the application criteria before the process can commence. It is expected that an electronic procedure seeking this clarification will be issued prior to this Board meeting. If the outcome of the electronic procedure is known in advance of the meeting, a verbal update will be provided to the Board. If this is not possible, a written update will be provided following the meeting once the electronic procedure has been concluded.
- 3.5. At the June 2022 Strategic Board meeting, it was confirmed that the Braintree – Active Travel project would be unable to spend the balance of funding it sought through the pipeline in accordance with the required timescales and therefore will not be seeking to secure that funding. The new prioritised project pipeline will therefore initially be used to inform the reallocation of the full £2.5275m GBF returned from the Riding Sunbeams Solar Railways project.
- 3.6. Any projects seeking additional funding, which are not prioritised by Strategic Board to receive part of the £2.5275m GBF currently available, will remain on the pipeline to support future reallocation of GBF, should any existing projects be unable to deliver in accordance with their Business Cases, the requirements of the grant or the terms of the SELEP Assurance Framework.
- 3.7. At the May 2022 meeting, the Board agreed the introduction of a number of requirements which need to be met by all projects before they can receive GBF funding beyond March 2022, so as to

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ensure timely completion of the GBF programme and performance against these requirements will be reported to the Board on a regular basis.

- 3.8. 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.

4. Getting Building Fund spend position

- 4.1. As reported at the September 2021 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, reported GBF spend in 2021/22 totals £50.666m. This leaves a forecast spend for 2022/23 of £21.828m.
- 4.2. It should be noted that GBF quarterly reporting was not provided by Medway Council in advance of this meeting and therefore the information included within this report and the accompanying appendices has been taken from the most recent reporting submission from Medway Council. This reporting was submitted in advance of the May 2022 Board meeting and therefore may not reflect the latest position.
- 4.3. 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 | 2.437 | -7.327 | -75.0% |
| Essex | 22.750 | 14.678 | -8.073 | -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 | 50.666 | -20.719 | -29.0% |

- 4.4. The forecast spend for 2021/22 reflects the position provided by each local partner at the start of 2021/22 and therefore does not reflect decisions taken by the Board during the course of the year.
- 4.5. It should therefore 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 and of the £2.5275m GBF allocation awarded to the Riding Sunbeams Solar Railways project, which were

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.

- 4.6. It was intended that the Board would be asked to agree the 2021/22 year end position at this meeting, however, this will not be possible due to Medway Council failing to submit their quarterly reporting in time for inclusion in this report. Subject to all required reporting being received, the 2021/22 year end position will now be confirmed at the September 2022 Board meeting.
- 4.7. 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.
- 4.8. The Riding Sunbeams Solar Railways project received approval from the Board for retention of GBF funding beyond March 2022, however, following its' subsequent removal from the GBF programme, the project has not been included within the summary set out at Section 4.7. Furthermore, there is an outstanding request for retention of funding beyond March 2022 for the Food Street project. Further information on the status of this request is provided in Section 6 of this report.
- 4.9. 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 and reflects the £2.5275m GBF which is currently unallocated. In accordance with Government expectations, it is expected that this funding will be awarded to alternative projects and be fully spent within the 2022/23 financial year.

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 | 5.693 | 1.656 | 2.437 | 1.600 | 5.693 | 71.9% |
| Essex | 28.083 | 3.497 | 14.678 | 9.908 | 28.083 | 64.7% |
| 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% |
| Unallocated funding | 2.528 | | | 2.528 | 2.528 | |
| Total | 85.000 | 12.105 | 50.666 | 21.828 | 85.000 | 74.3% |

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- 4.10. GBF funding totalling £50.666m has been reported as spent in 2021/22, with the remaining £21.828m forecast to be spent in 2022/23.
- 4.11. To date 26 of the 40 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.
- 4.12. 13 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. Update on projects which have received approval for retention of GBF funding beyond March 2022

- 5.1. Updates on all projects which have received approval for retention of GBF funding beyond March 2022 will be provided at each Board meeting to ensure that the projects remain on track to complete GBF spend by 30 September 2022 (or 31 March 2023 for the two Essex broadband projects) at the latest.
- 5.2. To date, the Board have approved the retention of GBF funding beyond March 2022 against 14 projects. Updates on 13 of the projects are provided in Appendix D. An update on the final project, UTC Maritime and Sustainable Technology Hub is provided under Agenda Item 11.
- 5.3. The majority of the projects which are reporting GBF spend beyond March 2022 are progressing well, with completion of GBF spend expected within the agreed extensions granted by the Board. The primary delivery risk sits with the Better Queensway project.
- 5.4. As reported at the last meeting, the Better Queensway project is an estate and town centre renewal project which is being delivered as a joint venture between Southend-on-Sea City Council and Swan Housing. The £4.2m GBF funding will be used to support delivery of early enabling works for the wider project. As set out in Appendix D, procurement has now been completed for some elements of the enabling works, including for the removal of a footbridge, and it is expected that the GBF funded enabling works will be completed by the end of September 2022.
- 5.5. The Board have previously been made aware that the Regulator for Social Housing recently took the decision to downgrade Swan Housing'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.
- 5.6. In addition, it has been noted that Swan Housing have announced a planned partnership with Orbit, which if agreed is expected to complete in late 2022. Initial discussions between Swan Housing and Orbit have been positive, and consultation with customers of both organisations has been undertaken. The feedback submitted will be considered by both organisations before a final decision is taken as to whether to proceed with the partnership. It is currently expected that a further update on the proposed partnership will be issued by Swan Housing in Summer 2022.

- 5.7. Whilst Swan Housing 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.
- 5.8. In February 2022, the Board agreed that the GBF funding awarded to the project could be released to Southend-on-Sea City Council subject to receipt of confirmation from the Council that the project would proceed as planned following the Regulator for Social Housing's decision to downgrade Swan Housing's viability and governance grades and Swan Housing's planned 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.
- 5.9. Subsequently, a further update on the project was provided at the May 2022 Board meeting. Whilst this update was more positive, it was considered that there were still a number of risks associated with the project including ongoing consideration as to whether to proceed with the partnership with Orbit and that as a result, the condition attached to the release of the GBF funding had not yet been met. The Board agreed that confirmation that the project would proceed as planned must be provided at this Board meeting.
- 5.10. Whilst verbal assurances regarding the ongoing delivery of the project have been provided by Southend-on-Sea City Council, no written assurances have been received to date. In addition, as outlined above, discussions are still ongoing as to whether to proceed with the partnership between Swan Housing and Orbit. Therefore, at this time, the required confirmation that the project will proceed as planned has not been provided.
- 5.11. In light of this, there are two options available to the Board as set out below:

Option 1

- 5.11.1. **Agree** that the Better Queensway project can have an extension until the September 2022 Board meeting to provide the required assurances, as detailed at Section 5.14 of this report, regarding continued delivery of the wider project **OR**

Option 2

- 5.11.2. **Agree** that, as the required confirmation that the Better Queensway project will proceed as planned has not been provided for consideration at this Board meeting, that the project should be removed from the GBF programme and the £4.2m GBF funding allocation returned to Essex County Council, as Accountable Body for SELEP, for reallocation to alternative projects.
- 5.12. Option 1 would allow Southend-on-Sea City Council and Swan Housing additional time to provide the required assurances regarding delivery of the wider Better Queensway project. It is anticipated that a decision regarding the partnership between Swan Housing and Orbit will be made during Summer 2022, and this decision has the potential to be a key factor in the ongoing delivery of the project.

- 5.13. In addition, it should be noted that Southend-on-Sea City Council and Swan Housing have shown a commitment to the project by taking the decision to proceed with the GBF funded enabling elements at risk.
- 5.14. The assurances required regarding ongoing delivery of the wider Better Queensway project, in light of the recent developments with Swan Housing, should take the form of a letter from the Southend-on-Sea City Council Section 151 Officer and should include the following information:
- 5.14.1. An update on delivery of the project including the GBF funded enabling works and the status of future phases of the project;
 - 5.14.2. A commitment to delivery of the wider project in accordance with the GBF Business Case and in accordance with the hybrid planning application for which conditional permission was granted in September 2021;
 - 5.14.3. The status of the Joint Venture with Swan Housing, to include a summary of any implications arising from Swan Housing's partnership with Orbit or any risks arising from the partnership with Orbit not progressing (dependent upon the final decision regarding progression of the proposed partnership).
- 5.15. As a result of the required assurances not being provided in time for Board consideration at this meeting, Option 2 would require the removal of the project from the GBF programme and the return of the £4.2m GBF funding allocation to Essex County Council for reallocation to alternative projects. This funding would be reallocated in accordance with the new project pipeline due to be agreed by the Strategic Board in October 2022.
- 5.16. Should the pipeline not include sufficient options for the reallocation of the funding, an alternative approach to developing a further pipeline will need to be considered. In this scenario, it is very unlikely that it would be possible for the GBF funding to be spent in full during the 2022/23 financial year.

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, ~~the project risk~~ ^{Page 143 of 192} 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 | 16 | 33.623 | 0.000 |
| Low/Medium Risk - 2 | 9 | 21.934 | 0.631 |
| Medium Risk - 3 | 7 | 12.554 | 7.568 |
| Medium/High Risk - 4 | 5 | 8.762 | 7.788 |
| High Risk - 5 | 3 | 5.600 | 3.313 |
| Total | 40 | 82.473 | 19.301 |

- 6.4. In total £5.6m GBF is allocated to High risk projects, with £3.313m of this funding unspent at the end of Q4 2021/22. No risk assessment has been applied to the £2.5275m GBF currently unallocated and as a result the table does not total to the full £85m GBF allocation awarded by Central Government to SELEP.
- 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 three 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 three High Risk projects identified in Table 3 are:
- 6.6.1. UTC Maritime and Sustainable Technology Hub
- 6.6.2. Food Street, Eastbourne
- 6.6.3. Better Queensway
- 6.7. A full update on the UTC Maritime and Sustainable Technology Hub project is provided under Agenda Item 11 and an update on the Better Queensway project is provided under Section 5 of this report.

- 6.8. The Food Street project is considered to be High risk as a request to retain the GBF funding allocation beyond March 2022 has been submitted but has not yet been determined by the Board. As reported at the last Board meeting, the GBF funding awarded to the project 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.
- 6.9. The Food Street project was 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. This agreement was subsequently completed on 5 May 2022.
- 6.10. 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.
- 6.11. Whilst it is understood that the project was completed prior to the end of 2021/22, the GBF Project Allocation has not been utilised against the project to date and therefore further work is needed to determine whether the GBF allocation can still be applied to the project.
- 6.12. Since the last Board meeting, East Sussex County Council have had conversations with SELEP, Essex County Council (as Accountable Body for SELEP) and Eastbourne Borough Council to seek to clarify the position regarding the £0.1m GBF funding. A potential way forward has been identified; however, further time is required for Eastbourne Borough Council to undertake work required to determine if the proposed approach is viable.
- 6.13. A further update on the status of the project will be provided at the next meeting in September 2022 and the Board will either be asked to agree that the GBF funding can be retained against the project beyond March 2022 or that the project is removed from the GBF programme.

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. The award of the currently unallocated GBF funding to existing GBF projects which help to partially mitigate this risk.
- 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 thorough 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.

- 7.3. There is a risk that once the GBF funding has been fully defrayed to local partners that completion of the required quarterly reporting will not be prioritised, which is likely to result in the reporting either not being submitted to SELEP or being submitted late. If the reporting is not provided in a timely manner, there will be insufficient time for the contents to be fully reviewed and to allow challenge where required to ensure that the Board are provided with a complete and robust update on delivery of the GBF programme.

8. Financial Implications (Accountable Body comments)

- 8.1. All funding allocations which are agreed by the Board are dependent on the Accountable Body receiving sufficient funding from HM Government. The Accountable Body has received 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. 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.
- 8.4. 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.
- 8.5. Whilst GBF funding has now been fully transferred to SELEP partners, it remains a requirement of the SLA's in place between SELEP Ltd, Essex County Council, as the Accountable Body, and partner authorities that under the Grant responsibilities, the Council is responsible for providing regular reports to the Accountable Body and the SELEP Secretariat in the timescales and format specified by the SELEP Secretariat, to enable quarterly reporting to the Accountability Board and Government.
- 8.6. 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.*
- 8.7. Should the funding not be utilised in accordance with the conditions, Government may request return of the funding, or withhold future funding streams.
- 8.8. 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.

- 8.9. 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.
- 8.10. The latest forecast (table 2) indicates that £21.828m 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.
- 8.11. 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. The Board will receive an update and asked to consider recommendations relating to the project at the September 2022 meeting.
- 8.12. It is a requirement of the SLA that when the Board approves a decision to cancel a Project that the funding awarded is required to be returned to the Accountable Body; this may include funding that has already been defrayed, where, for example, the spend has become an abortive cost as the Project has not been delivered, which means that the grant conditions for Capital spend can no longer be met. Should the Board agree to Option 2 at section 2.1.2.2 of this report, the Accountable Body will work with Southend on Sea City Council in relation to the Better Queensway project and the return of funding.

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. The SLA contains provisions that permit the Accountability Board to take a decision to require funding is repaid (either in all or in part) if the Partner Authority fails to deliver the project in accordance with the business case, a project is changed and the Accountability Board decline to agree the change or if the project can no longer meet the grant conditions.

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.

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- 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 – Update on projects which have received approval for retention of GBF funding beyond 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)

| Role | Date |
|--|------------|
| Accountable Body sign off Michael Neumann, Head of Finance, Essex County Council (on behalf of Nicole Wood, S151 Officer, Essex County Council) | 07/07/2022 |

| 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 | | | | | | | | | | | | | |
| 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 |
| 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 | | | | | | | | 1,300,000 | | | 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 | | | | | | | | 200,000 | | | 200,000 | 200,000 |
| | | 5,692,835 | 1,655,558 | 471,841 | 853,757 | 419,314 | 692,366 | 2,437,277 | | 1,600,000 | | | 1,600,000 | 5,692,835 |
| | Essex | | | | | | | | | | | | | |
| GBF005 | Acceleration of full-fibre broadband deployment in very rural or very hard-to reach premises | 680,000 | | | | | | | | 372,980 | 307,020 | | 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 | | | | | | | | 626,876 | 868,327 | 324,797 | 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 | | | 1,728,364 | | | 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 | | | 504,811 | 273,177 | 643,217 | 1,421,205 | | 3,108,795 | | | 3,108,795 | 4,530,000 |
| GBF023 | Tendring Bikes & Cycle Infrastructure | 2,300,000 | | | | | 518,887 | | | 1,781,113 | | | 1,781,113 | 2,300,000 |
| GBF024 | Tindal Square, Chelmsford | 750,000 | | | | | 750,000 | 750,000 | | | | | | 750,000 |
| GBF035 | Laindon Place | 790,000 | | | | | | | | 790,000 | | | 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 | 3,497,136 | 402,767 | 2,550,147 | 3,238,765 | 8,485,913 | 14,677,592 | | 8,408,128 | 1,175,347 | 324,797 | 9,908,272 | 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 | 424,696 | 326,000 | | | 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 | 168,602 | 1,000,000 | 1,120,000 | | 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 | | | | 310,000 | 13,204 | 323,204 | | | | | | 323,204 |
| 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 |

| 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 | |
| | | 37,428,342 | 6,201,248 | 6,177,294 | 4,791,025 | 5,045,915 | 11,164,563 | 27,178,796 | 1,022,298 | 1,654,000 | 1,372,000 | | 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 | | | | | | | | 1,200,000 | | | 1,200,000 | 1,200,000 | |
| | | 5,400,000 | | | | | 2,286,658 | 2,286,658 | 250,000 | 2,863,342 | | | 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 | |
| | Unallocated funding | 2,527,500 | | | | | | | | | | | 2,527,500 | 2,527,500 | |
| | Total | 85,000,000 | 12,505,317 | 8,170,591 | 8,811,941 | 9,360,527 | 24,323,288 | 50,666,346 | 1,903,223 | 14,525,470 | 2,547,347 | 324,797 | 21,828,337 | 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 projects as set out in the Business Cases. | 4 | 5 | 20 | <p>Whilst it is proposed that the unallocated GBF funding is awarded to support delivery of existing projects, 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 (Apr-2022) | Expected completion date (Jun-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 | Jul-22 | Jul-22 | 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 | May-22 | May-22 | 13 | | 329,835 | | 329,835 | | 1 | 1 | 2 | 1 |
| 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 |
| Sussex Innovation Falmer - Covid Secure adaptations | Nov-20 | In Construction | Complete | Mar-21 | May-22 | Jul-22 | 16 | 3 | 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 | Apr-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 | 1 | 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 | Jul-22 | 1 | 1 | 7,000,000 | 967,422 | 6,032,578 | | 1 | 2 | 1 | 1 |
| Harlow Library | Nov-20 | Completed | Complete | Oct-21 | May-22 | Jun-22 | 7 | 1 | 977,000 | | 977,000 | | 1 | 1 | 1 | 1 |
| Jaywick Market & Commercial Space | Nov-20 | In Construction | Ongoing | Mar-22 | Mar-23 | Mar-23 | 11 | | 1,972,000 | | 243,636 | 1,728,364 | 5 | 4 | 3 | 4 |
| 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 | Completed | Complete | Jun-21 | May-22 | May-22 | 10 | | 1,600,000 | | 1,600,000 | | 1 | 1 | 1 | 1 |
| 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 | | 1,421,205 | 3,108,795 | 5 | 3 | 2 | 3 |
| 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 | Aug-22 | Aug-22 | 4 | | 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 | 4 | 2 | 4 |
| Princess Alexandra Hospital Training and Education Facility | Feb-22 | Completed | Complete | Feb-22 | May-22 | May-22 | 2 | | 500,000 | | 500,000 | | 1 | 1 | 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 | Jun-22 | Jul-22 | 5 | 2 | 578,724 | 578,724 | | | 1 | 4 | 2 | 2 |
| Romney Marsh Employment Hub | Nov-20 | In Construction | Ongoing | Feb-22 | Jun-22 | Aug-22 | 6 | 3 | 3,536,466 | | 2,785,770 | 750,696 | 2 | 4 | 2 | 3 |
| Thanet Parkway Railway Station | Nov-20 | In Construction | Complete | Dec-22 | Mar-23 | May-23 | 5 | 3 | 11,999,000 | 3,162,699 | 8,836,301 | | 1 | 4 | 2 | 2 |
| First and Second Floors, Building 500, Discovery Park, Sandwich | Nov-20 | In Construction | Ongoing | Jul-21 | Oct-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 (Apr-2022) | Expected completion date (Jun-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 | Completed | Complete | Feb-22 | Apr-22 | Apr-22 | 2 | | 12,301,796 | 2,459,825 | 9,841,971 | | 1 | 1 | 1 | 1 |
| The Meeting Place Swanley | Nov-20 | In Construction | Complete | May-22 | Aug-22 | Aug-22 | 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 | 1 | 1 |
| Techfort | Feb-22 | In Design | Ongoing | Sep-22 | Sep-22 | Dec-22 | 3 | 3 | 1,009,000 | | | 1,009,000 | 5 | 3 | 2 | 3 |
| Medway | | | | | | | | | | | | | | | | |
| Britton Farm Redevelopment Learning, Skills & Employment Hub | Sep-20 | In Construction | Complete | Mar-22 | Jul-22 | Sep-22 | 6 | 3 | 1,990,000 | 205,157 | 1,784,843 | | 1 | 4 | 2 | 2 |
| Innovation Park Medway - Sustainable City of Business | Jul-21 | In Construction | Complete | Mar-22 | Mar-23 | Mar-23 | 11 | | 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 | 5 | 4 | 5 |
| 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 | Complete | Feb-22 | Jun-22 | Sep-22 | 7 | 4 | 2,500,000 | 946,218 | 922,857 | 630,925 | 1 | 4 | 1 | 2 |
| Transport and Logistics Institute | Nov-20 | Completed | Complete | Aug-21 | Dec-21 | Dec-21 | 4 | | 600,000 | | 600,000 | | 1 | 1 | 1 | 1 |
| Unallocated | | | | | | | | | | | | | | | | |
| To allocate to projects | | | | | | | | | 2,527,500 | | | 2,527,500 | | | | |
| TOTAL | | | | | | | | | 85,000,000 | 12,505,317 | 50,666,346 | 21,828,337 | | | | |

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

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| Seven Sisters Country Park Visitor Infrastructure Uplift |
| Extension granted: 6 months |
| GBF allocation: £200,000 |
| % of GBF funding spent to date: 0% |
| Responsible Upper Tier Local Authority: East Sussex County Council |
| 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. |
| Reasons why extension was sought |
| GBF funding was not awarded to support delivery of the project until February 2022. The funding is being used to support the delivery of elements of the project which were previously removed due to cost restraints. Additional time was required to design and deliver these elements. |
| Update on project delivery |
| A contractor has been appointed to deliver the initial GBF funded works, with work due to commence onsite on 4 July 2022. It is expected that all GBF funded works will be completed by October 2022 at the latest. |

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| Acceleration of full-fibre broadband deployment in very rural or very hard to reach areas |
| Extension granted: 12 months |
| GBF allocation: £680,000 |
| % of GBF funding spent to date: 0% |
| Responsible Upper Tier Local Authority: Essex County Council |
| Brief project description |
| <p>Superfast Essex is a broadband improvement programme which is run by Essex County Council. The programme aims to make superfast and ultrafast broadband available to as many homes and businesses across Essex as possible.</p> <p>Within the current Superfast Essex Phase 4b broadband rollout across Essex, it has become clear that in a significant number of cases the cost of deployment in rural areas has been underestimated by suppliers, and the cost of connecting up to 10% of the premises in the current rollout scope will exceed the contractual cost cap. In these cases, suppliers will provide evidence of the increased cost to Superfast Essex and will request further funding to fill the newly identified cost gap. If no such funding is available, it is envisaged that the impacted premises would be removed from the rollout programme.</p> <p>The GBF funding was requested to ensure that as many as possible of the identified higher-cost premises can be retained within the current rollout programme.</p> |
| Reasons why extension was sought |
| <p>In order to invest the funding awarded to support delivery of the Superfast Essex programme, it was necessary for Essex County Council to implement a change to the existing Phase 4 delivery contract. This change had to be approved by Broadband Delivery UK (BDUK), the agency within the Department for Digital, Culture, Media and Sport (DCMS) which is overseeing the national rollout of broadband upgrades. BDUK have the responsibility of ensuring that all contracts remain in compliance with State Aid legislation and they also take a view on Value for Money offered by the contracts.</p> <p>The required change request was prepared and submitted to BDUK for consideration in early December 2020, which would have allowed sufficient time for the Projects to be delivered in accordance with the requirements of the GBF. Due to a wider national disagreement between BDUK and BT on a value for money issue, which had minimal impact on the Essex County Council contract, the change request was rejected in March 2021.</p> <p>Following the rejection of the change request, work was undertaken to seek agreement from BDUK that re-submission of the change request would be accepted. After a further 6 months of re-work and a series of high-level escalations with BDUK, involving Essex County Council Councillors and local MP's, the re-presented change request was approved by BDUK in October 2021.</p> |

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| Update on project delivery |
| A contract change to invest most of the GBF funding (£606,000) has been completed and a second change request to use the remaining funds is currently being processed. The project is on track to complete delivery by December 2022, with subsequent payment as per the updated delivery plan presented at the November 2021 Board meeting. |

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| Extension of the full-fibre broadband rollout in Essex to reach rural and hard to reach areas |
| Extension granted: 12 months |
| GBF allocation: £1,820,000 |
| % of GBF funding spent to date: 0% |
| Responsible Upper Tier Local Authority: Essex County Council |
| Brief project description |
| <p>Superfast Essex is a broadband improvement programme which is run by Essex County Council. The programme aims to make superfast and ultrafast broadband available to as many homes and businesses across Essex as possible.</p> <p>The GBF funding was awarded to extend the Superfast Essex Phase 4b rollout programme to reach additional rural areas, with a focus on upgrading business premises.</p> |
| Reasons why extension was sought |
| <p>In order to invest the funding awarded to support delivery of the Superfast Essex programme, it was necessary for Essex County Council to implement a change to the existing Phase 4 delivery contract. This change had to be approved by Broadband Delivery UK (BDUK), the agency within the Department for Digital, Culture, Media and Sport (DCMS) which is overseeing the national rollout of broadband upgrades. BDUK have the responsibility of ensuring that all contracts remain in compliance with State Aid legislation and they also take a view on Value for Money offered by the contracts.</p> <p>The required change request was prepared and submitted to BDUK for consideration in early December 2020, which would have allowed sufficient time for the Projects to be delivered in accordance with the requirements of the GBF. Due to a wider national disagreement between BDUK and BT on a value for money issue, which had minimal impact on the Essex County Council contract, the change request was rejected in March 2021.</p> <p>Following the rejection of the change request, work was undertaken to seek agreement from BDUK that re-submission of the change request would be accepted. After a further 6 months of re-work and a series of high-level escalations with BDUK, involving Essex County Council Councillors and local MP's, the re-presented change request was approved by BDUK in October 2021.</p> |
| Update on project delivery |
| <p>The contract change to invest all of the GBF funding (£1,820,000) has been completed. The project is in delivery and is on track to complete by December 2022, with subsequent payment in Q4 2022/23 as per the agreed delivery plan as presented to the November 2021 Board meeting.</p> |

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| Jaywick Market and Commercial Space |
| Extension granted: 6 months |
| GBF allocation: £1,972,000 |
| % of GBF funding spent to date: 12.4% |
| Responsible Upper Tier Local Authority: Essex County Council |
| Brief project description |
| <p>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.</p> <p>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.</p> |
| Reasons why extension was sought |
| <p>Due to concerns regarding the rising cost of materials and increasing volatility within the materials market, a full review of the design for the project was undertaken. This review took longer than anticipated and therefore additional time was required to spend the GBF funding awarded to support delivery of the project.</p> |
| Update on project delivery |
| <p>A tender process was undertaken to appoint a contractor to deliver the works. The tenders received were significantly higher than anticipated, meaning that Tendring District Council had to re-evaluate their finances and seek additional finance from partners to enable delivery of the project.</p> <p>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.</p> <p>As reported at the last Board meeting, the funding gap has now been bridged and an updated Value for Money assessment was provided which demonstrated that the project continued to offer High value for money.</p> <p>A contractor has now been appointed and work commenced onsite in May 2022. Project completion is expected by March 2023.</p> |

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| Swan Modular Housing Factory |
| Extension granted: 6 months |
| GBF allocation: £4,530,000 |
| % of GBF funding spent to date: 31.4% |
| Responsible Upper Tier Local Authority: Essex County Council |
| 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. |
| Reasons why extension was sought |
| 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. Due to these delays, additional time was required to enable full spend of the GBF funding allocation. |
| Update on project delivery |
| Work on the GBF funded elements of the project is continuing, with completion expected by September 2022. This will allow construction to commence at the factory, whilst the remainder of the site is fitted out. It is expected that fit out of the entire factory will be complete by March 2024. |

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| Tendring Bikes and Cycle Infrastructure |
| Extension granted: 6 months |
| GBF allocation: £2,300,000 |
| % of GBF funding spent to date: 22.6% |
| Responsible Upper Tier Local Authority: Essex County Council |
| Brief project description |
| <p>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> |
| Reasons why extension was sought |
| <p>Delivery of the 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. As a result, approval for retention of the GBF funding beyond March 2022 for a maximum period of 6 months was sought.</p> |
| Update on project delivery |
| <p>The bespoke bike scheme is operational and has started to issue bikes to local residents.</p> <p>Work has commenced onsite to deliver the cycle network infrastructure and it is expected that the project will be completed in December 2022.</p> |

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| Laindon Place |
| Extension granted: 6 months |
| GBF allocation: £790,000 |
| % of GBF funding spent to date: 0% |
| Responsible Upper Tier Local Authority: Essex County Council |
| 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. |
| Reasons why extension was sought |
| Delivery of the project has 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, covering the amendments to the highways works required by Essex County Council, by Basildon Council and the need to redesign some elements of the wider project to comply with the latest building regulations and fire safety legislation. |
| Update on project delivery |
| <p>The planning application was determined by Basildon Council on 6 April 2022 and planning permission was granted.</p> <p>The GBF funded improvements form part of a much wider package of works as set out above. Work has commenced on some elements of the wider project but work on the GBF funded elements of the project is yet to commence.</p> |

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| Romney Marsh Employment Hub |
| Extension granted: 6 months |
| GBF allocation: £3,536,466 |
| % of GBF funding spent to date: 90.8% |
| Responsible Upper Tier Local Authority: Kent County Council |
| 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. |
| Reasons why extension was sought |
| An 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. |
| Update on project delivery |
| Delivery of the project is nearing completion, although installation of the utilities has not yet commenced onsite. A revised utilities programme is due to be provided and it is expected that the works will be completed in Q2 2022/23. Completion of the utility installation will facilitate completion of the remaining highway/footway works, including surfacing. |
| Project completion is expected in August 2022. |

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| Discovery Park Incubator (First and Second Floors, Building 500, Discovery Park, Sandwich) |
| Extension granted: 6 months |
| GBF allocation: £2,500,000 |
| % of GBF funding spent to date: 15.2% |
| Responsible Upper Tier Local Authority: Kent County Council |
| 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 |
| Reasons why extension was sought |
| Delivery of the project was delayed due to additional work which needed to be undertaken after initial costs showed that project costs were significantly higher than anticipated. |
| Update on project delivery |
| Contracts have now been agreed for all main works packages and construction work has commenced onsite. Key works delivered to date include main ductwork installation, installation of partitions in the first floor incubator space and installation of electrical distribution boards. |
| Works are continuing onsite with project completion expected in August 2022. |

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| Techfort |
| Extension granted: Up to 9 months |
| GBF allocation: £1,009,000 |
| % of GBF funding spent to date: 42.5% |
| Responsible Upper Tier Local Authority: Kent County Council |
| Brief project description |
| <p>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> |
| Reasons why extension was sought |
| GBF funding was not awarded to support delivery of the project until February 2022. Additional time was required to secure the required consents and to facilitate delivery of the project. |
| Update on project delivery |
| <p>Planning Consent and Scheduled Monument Consent were both granted in advance of the 20 May 2022 deadline set by the Board.</p> <p>Procurement of a construction contractor is underway, with appointment expected imminently, allowing work to commence onsite in August 2022.</p> <p>Project completion is expected in November 2022.</p> |

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| Better Queensway |
| Extension granted: 6 months |
| GBF allocation: £4,200,000 |
| % of GBF funding spent to date: 60.4% |
| Responsible Upper Tier Local Authority: Southend-on-Sea City Council |
| Brief project description |
| <p>Better Queensway is an estate and town centre renewal project, seeking to transform a 5.2-hectare site to the north of Southend town centre. The project will include phased demolition of existing residential and commercial units, including four tower blocks and redevelopment to provide up to 1,669 dwellings and 7,945sq m of commercial space made up of retail, office, and community and leisure space. The project will also involve significant infrastructure and engineering work to provide a new four lane carriageway with footpath, cycle and bus facilities, which will remedy the sites severance with the High Street, provide a greater developable area, reduce pollution and improve connectivity, including important through traffic routes to the seafront.</p> <p>Better Queensway is being delivered as a joint venture between Southend-on-Sea City Council and Swan Housing.</p> |
| Reasons why extension was sought |
| <p>A hybrid planning application for the full Better Queensway scheme was submitted to Southend-on-Sea City Council in September 2020. This application was subsequently considered by Planning Committee on 31 March 2021 and it was resolved that the Interim Director of Planning at Southend-on-Sea City Council be delegated to grant planning permission subject to the completion of a S106 agreement in relation to the development. The S106 agreement took longer to complete than anticipated, which delayed the formal award of hybrid planning consent until September 2021.</p> <p>In addition, the Project has experienced delays to the procurement of the enabling works due to utility companies requiring longer than usual lead-in times. This is in part due to the impacts of the COVID-19 pandemic but is also related to other supply chain issues which are being experienced more generally across the construction industry.</p> |
| Update on project delivery |
| <p>The GBF funding is being spent on the early enabling works to support the delivery of the major wider regeneration project, which is expected to complete in 2034. Some elements of the project to be supported through the GBF funding remain subject to procurement, however, progress has been made and a number of appointments have now been confirmed. It is expected that the GBF funded enabling works, including removal of a footbridge, will be completed by September 2022.</p> <p>As outlined at previous Board meetings, the Regulator for Social Housing took the decision to downgrade Swan Housing Association's viability and governance grades. A review of these grades was undertaken as there had 'been a material deterioration in Swan's financial position since its last business plan was submitted.' As a result of this decision, Swan Housing do</p> |

not currently meet the Regulator's governance and viability standards and steps need to be taken to improve work in these areas.

It has also been noted at previous meetings that Swan have announced a planned partnership with Orbit, which if approved is expected to complete in late 2022. Initial discussions between Swan Housing and Orbit have been positive and a consultation with customers of both organisations has been undertaken. The feedback from the consultation will be considered by both organisations to help inform whether the partnership should proceed. A formal update on the partnership is expected during the Summer.

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.

The decision has been taken by Swan and Southend-on-Sea City Council 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 and Orbit have been finalised (assuming the partnership proceeds) and there is greater certainty of the wider project progressing as planned. 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.

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| No Use Empty South Essex |
| Extension granted: 6 months |
| GBF allocation: £1,200,000 |
| % of GBF funding spent to date: 0% |
| Responsible Upper Tier Local Authority: Southend-on-Sea City Council |
| Brief project description |
| <p>The project will provide short-term secured loans to property owners to enable the return of long-term empty commercial properties back into effective use for residential, alternative commercial or mixed-use purposes. The project will focus on secondary retail and other commercial premises which have been significantly impacted by changing consumer demand, the impact of the pandemic and which may have been impacted by larger regeneration schemes.</p> |
| Reasons why extension was sought |
| <p>The launch of the No Use Empty South Essex scheme was initially delayed as a consequence of the COVID-19 restrictions, including lockdowns, which were implemented by Central Government. These restrictions meant that it wasn't possible to meet with property owners and developers or to conduct site visits to see potential properties.</p> <p>These issues were further compounded by resourcing issues which arose due to staff being seconded to support operational activities associated with the response to the COVID-19 pandemic.</p> <p>As Kent County Council are experienced in delivering the No Use Empty initiative and have a complete package of established processes in place, the intention is that a Service Level Agreement will be put in place between Southend-on-Sea Borough Council and Kent County Council for provision of back-office services to support the Project. The resourcing issues identified above have led to delays in negotiating the terms of the Service Level Agreement.</p> <p>As a result of the factors outlined above the launch of the No Use Empty South Essex initiative has been significantly delayed.</p> |
| Update on project delivery |
| <p>The No Use Empty South Essex initiative was launched on 19 April 2022 and an initial 3 applications, with a total value of £600,000, are currently being determined.</p> <p>Further publicity is planned to increase the number of applications received.</p> |

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| ASELA LFFN |
| Extension granted: 6 months |
| GBF allocation: £2,500,000 |
| % of GBF funding spent to date: 100% |
| Responsible Upper Tier Local Authority: Thurrock Council |
| 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. |
| Reasons why extension was sought |
| Delivery of the project was delayed due to the discovery of unexpected duct blockages. Approval for retention of GBF funding beyond March 2022 was sought to allow time for the blocked ducts to be resolved. |
| Update on project delivery |
| The GBF funding has now been spent in full but delivery of the project continues with the remaining sites due to be completed by September 2022. |

Forward plan reference number: FP/AB/531

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|---|----------------------|
| Report title: GBF Project Update – UTC Maritime and Sustainable Technology Hub | |
| Report to: Accountability Board | |
| Report author: Helen Dyer, SELEP Capital Programme Manager | |
| Meeting date: 15 July 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 an update on the delivery of the UTC Maritime and Sustainable Technology Hub Getting Building Fund (GBF) project (the Project) which has been identified as being high risk.
- 1.2. The report also provides an update on the Project Change Request and the revised Benefit Cost Ratio (BCR) calculations 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 GBF spend on the project can recommence, following the Board's decision to place GBF 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, including completion of the acquisition of the building.
 - 2.1.2. **Note** that, following submission of a Project Change Request and updated BCR calculations, the Project has been assessed as offering High value for money with High certainty of achieving this.
 - 2.1.3. **Approve** the increase in total project cost for the Project from £1.778m (as set out in the Business Case) to £2.350m, as required under the terms of the Assurance Framework.
 - 2.1.4. **Agree** that GBF 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 September 2022 Board meeting.

3. Background

- 3.1. In May 2022, the Board received an update on the delivery of the Project. This update identified that the total project cost had increased from £1.778m (as set out in the Business Case considered by the Board in November 2020) to an estimated £2.350m, an increase of £0.572m.
- 3.2. Under the terms of the SELEP Assurance Framework, any changes to total project costs (prior to construction contract award) above 30% or a £500,000 threshold must be reported to the Board for approval.
- 3.3. At the last meeting, the Board were advised of the requirement for submission of a Project Change Request, which confirmed the scale of the cost increase and provided assurances regarding the ability of the Project to continue to offer High value for money. A decision to agree the increase in total project cost was deferred until these assurances could be provided.
- 3.4. Due to the uncertainty as to whether the Project continued to offer High value for money, the Board took the decision to place GBF spend on the Project on hold until it could be demonstrated that the Project continued to offer High value for money.
- 3.5. The Board were advised that a Project Change Request would be produced by Lewes District Council prior to this Board meeting. It was expected that this Change Request 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 GBF spend on the Project could recommence.
- 3.6. In addition, the Board were reminded that a condition had been 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. The Board were advised that the Project had been unable to meet this condition and that work remained ongoing to complete the acquisition. A further extension to the deadline for acquisition of the lease to 15 July 2022 was agreed by the Board.
- 3.7. This report provides an update on project delivery including the status of the lease acquisition, confirms the scale of the cost increase and sets out the outcome of the updated BCR calculations.

4. The Project

- 4.1. The Project seeks to convert an existing disused educational facility and Grade-II listed building in Newhaven into a multi-purpose site, comprising:
 - 4.1.1. 1,630 sqm of educational/training and business support space for the maritime sector;
 - 4.1.2. 1,595 sqm of commercial office space; and
 - 4.1.3. 1,500 sqm of ancillary space.
- 4.2. The completed development will enable a Maritime and Sustainable Technology Hub to be established in Newhaven to support the maritime sector across Sussex. The Hub will actively seek to encourage those industries involved in the design, construction,

maintenance and operation of environmental, engineering and maritime products and services (clean, green and marine technologies) to invest in Newhaven.

- 4.3. The remaining components of the building will be used to re-house public sector workers in a customer-facing shared business centre and will provide additional, modern offices for local businesses and to new businesses looking to relocate into Newhaven.
- 4.4. It is expected that the Project will support the creation of 133 new jobs (gross) and will enable 346 trainees to achieve qualifications each year, alongside wider benefits related to workforce upskilling.
- 4.5. The Project has been awarded a total of £1.3m GBF to support delivery of the new Hub. This funding was awarded in November 2020.

5. Update on project delivery

- 5.1. As outlined at the last Board meeting, the primary focus of work to date has been on resolving the complex land ownership issues which have resulted in a delay to delivery of the Project. At the time of Business Case submission, the intention was for Lewes District Council to acquire a sublease for use of the building on a peppercorn rent basis, however, there were a number of restrictive clauses within the lease which would have made it difficult for Lewes District Council to deliver their target outcomes. As a result, it was agreed that Lewes District Council would acquire both the headlease and the sublease for the UTC@harbourside building allowing delivery of the Project and realisation of benefits as set out in the Business Case.
- 5.2. The acquisition of the building has proved complicated and has taken longer than anticipated to complete, with the Board agreeing a number of extensions to the deadline for completion of this key milestone. The most recent extension provided by the Board required acquisition to be completed by 15 July 2022. It has now been confirmed that Lewes District Council completed the acquisition of the headlease and sublease on 17 June 2022, allowing delivery of the Project to move forward.
- 5.3. Whilst work to acquire the lease for the building was ongoing, Lewes District Council were granted access to the building and committed to delivering some elements of the Project at risk so as to minimise the impact on the delivery programme.
- 5.4. Works completed to date include IT installation in the building to ensure full provision of Wi-Fi and connectivity with the Lewes District Council server. In addition, a tender process has been completed to appoint a contractor to deliver the initial phase of works within the building. These works include:
 - 5.4.1. Recommissioning all elements of the building following the closure period, ensuring that everything is statutory compliant and that any health and safety issues are addressed.
 - 5.4.2. Mechanical and Engineering works to improve air handling throughout the building.

- 5.4.3. Creation of areas within the building to support the mix of uses in line with the proposed utilisation Business Case.
- 5.4.4. Works to the adjacent harbour wall as necessary.
- 5.4.5. Creation of onsite car parking.
- 5.5. It is expected that these works will be undertaken between July and October 2022.
- 5.6. Lewes District Council have highlighted two remaining risks to project delivery – lack of demand and issues with the building itself.
- 5.7. Lewes District Council have commissioned a Utilisation Optimisation Study for the building, and this has confirmed that there is likely to be good demand for space in the new Hub. Work to finalise the utilisation optimisation for the building is ongoing, with a view to meeting the aims of the GBF funding whilst also providing wider community and business benefits required to support regeneration.
- 5.8. Initial interviews have been held with partners and businesses who have expressed an interest in locating in the building. These interviews have sought to develop a better understanding of the requirements of those organisations to help inform the full refurbishment of the building. It is expected that the Utilisation Optimisation Study and accompanying Business Case will be completed during Summer 2022, allowing full occupation of the building to be complete by March 2023.
- 5.9. The second risk identified relates to potential issues with the building itself which may impact on project delivery. To mitigate this risk, Lewes District Council sought to obtain all drawings and as-built information pertaining to the building at the outset of the Project. Whilst the information received was fairly limited, access to the building was obtained following production of the Business Case which enabled completion of surveys and scoping works prior to the acquisition of the building so as to minimise the risk of unexpected complications being discovered during the delivery of the Project.
- 5.10. At the time of Business Case submission, it was expected that the Project would be complete and fully open by 31 March 2022. As a result of the complex landownership matters, delivery of the Project has been delayed and an updated delivery programme is provided in Table 1 below.

Table 1: Key project delivery milestones

| Milestone | Expected dates |
|---|--------------------------|
| Early engagement with specialist team and contractors | January to June 2022 |
| Follow up interviews with prospective occupiers/users to understand optimum utilisation mix | February to June 2022 |
| Acquisition of the building complete | 17 June 2022 |
| Utilisation Business Case completed | July to August 2022 |
| Main contractor works (as detailed above) undertaken | July to October 2022 |
| Substantive works completed and initial partial occupation by public services | October to December 2022 |
| Full refurbishment completed and building fully open | January to March 2023 |

- 5.11. The above programme shows a 2-month delay compared to the programme provided at the last Board meeting, where it was indicated that project completion was expected in January 2023.
- 5.12. As reported at the May 2022 Board meeting, the total project cost has increased due to costs associated with the acquisition of the building. The total project cost, as set out in the Business Case for the Project, was reported to be £1.778m. Following consideration of the acquisition costs, the total project cost is now expected to be £2.350m – an increase of £0.572m. The additional funding required has been committed by Lewes District Council. Table 2 below shows the breakdown by funding source.

Table 2: Breakdown by funding source

| Funding Source | Funding committed £m |
|------------------------|-------------------------|
| Getting Building Fund | 1.300 |
| Lewes District Council | 1.050 |
| Total | 2.350 |

- 5.13. As referenced at the last Board meeting, the full £1.3m GBF allocation remains unspent and continues to be held by East Sussex County Council. The Board have previously agreed that GBF funding can be retained against the Project beyond March 2022 for a maximum period of 6 months to 30 September 2022.
- 5.14. The current spend profile shows full spend of the £1.3m GBF allocation in Q2 2022/23, which is in line with the decision taken by the Board. It is acknowledged that a forecast spend of this magnitude in three months is high, however, it is considered to be realistic by Lewes District Council and East Sussex County Council. Costs have already been incurred in relation to obtaining the lease and, as set out above, works have been completed at risk during Q1 2022/23. It is also expected, subject to a positive outcome, that delivery of the Project will be able to progress at pace following this Board meeting.
- 5.15. Should it not be possible for full spend of the GBF funding to be realised in Q2 2022/23, it will be necessary for a further extension request to be presented to the Board for consideration at the September 2022 meeting.

6. Updated BCR calculations

- 6.1. The original Business Case demonstrated a BCR of 2.93:1 based on a total project cost of £1.778m, which was to be fully funded through the public sector. The Business Case was prepared on the assumption that Lewes District Council would acquire a sub-lease from the Department for Education, but as reported previously this lease included specific clauses which would limit the use of the building for future commercial and educational purposes.
- 6.2. As indicated at the last Board meeting, it was reported to the Board in November 2021 that the total project cost was expected to rise by £500,000 due to the costs associated with the acquisition of the building. Lewes District Council demonstrated that, under this scenario, the BCR offered by the Project would reduce from 2.93:1 to 2.04:1. Whilst continuing to offer High value for money, it was noted that the revised BCR was very close to the 2:1 threshold required under the SELEP Assurance Framework.

- 6.3. Whilst it was 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, a higher level of assurance is now required regarding the impact of the increased project cost on the BCR offered by the Project as the increase now exceeds the level which requires approval by the Board.
- 6.4. Following the last Board meeting, Lewes District Council have provided some additional commentary regarding the Value for Money offered by the Project. This commentary confirms that the increase in total project cost stems from the costs incurred in the acquisition of the headlease and sublease for the building. The acquisition of the building provides greater certainty over project longevity, compared to the acquisition of the shorter-term sublease, and will be more sustainable from the perspective of Lewes District Council.
- 6.5. The market value of the building has been estimated to be £0.635m as at June 2021.
- 6.6. Lewes District Council have indicated that if the cost increase is applied in 2022/23, and if the valuation of the building is included within the Gross Development Value, that the BCR will fall slightly to 2.81:1, which still represents High value for money.
- 6.7. It has also been noted that, given that there is greater cost certainty and following development of works packages, it would be reasonable to adjust the Optimism Bias applied to the Value for Money calculations. In the Business Case, Optimism Bias was applied at 15%. If this is reduced to 10%, the current BCR offered by the Project increases to 2.91:1.
- 6.8. Finally, Lewes District Council also demonstrated the robustness of the BCR by undertaking a sensitivity test. This sensitivity test involved consideration of a scenario where the benefits originally forecast by the Council were overly ambitious. In this test, the Optimism Bias applied to the Value for Money calculations was increased to 25%, with a resultant BCR of 2.62:1.
- 6.9. The ITE has completed a review of the information provided by Lewes District Council and they have concluded that the Project continues to offer High value for money. The ITE has also indicated that, with costs and works packages now confirmed, the certainty of achieving High value for money remains High.
- 6.10. The full report of the Independent Technical Evaluator can be found at Appendix A of this report.

7. Recommendations 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 GBF spend on the Project should be allowed to recommence.

- 7.2. The recommendations set out in Section 2.1 of this report have been made to the Board based on the content of the Project Change Request, the updated BCR calculations and the outcome of the ITE review of the value for money offered by the Project.
- 7.3. The ITE has concluded that they are satisfied that the Project continues to offer High value for money, with a High certainty of achieving this. The BCR has reduced slightly compared to that set out in the original Business Case, however, the acquisition of the building causes an increase in the projects' Gross Development Value, which helps to offset the cost increase reported.
- 7.4. The acquisition of the building was completed on 17 June 2022, allowing confirmation of the updated expected total project cost. Whilst acknowledging that there are two identified remaining risks to delivery, achievement of this key milestone also means that the primary risk to successful project delivery has been overcome.
- 7.5. In light of these updates, it is recommended that GBF spend on the Project is allowed to recommence, with full project completion now expected in March 2023.
- 7.6. The Project will continue to be closely monitored and a further update on delivery will be provided to the Board in September 2022.

8. Financial Implications (Accountable Body comments)

- 8.1. The increased total UTC Maritime and Sustainable Technology Hub Getting Building Fund 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 business case considered by the Board in November 2020.
- 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 GBF funding is utilised in accordance with the conditions set out by Government for use of the Grant.
- 8.4. All GBF is 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.
- 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 £1.3m GBF 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 GBF 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. Under the terms of the SLA, a Partner Authority requires approval from Accountability Board prior to implementing a change. If Accountability Board agrees the change as set out within the report, the funding can be used for the project. If Accountability Board declines the change, under the SLA it may require repayment of all or part of the funding.

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. [UTC Maritime and Sustainable Technology Hub project web page](#)

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

| Role | Date |
|---|--------------------|
| Accountable Body sign off Michael Neumann, Head of Finance (on behalf of Nicole Wood, S151 Officer, Essex County Council) | 06/07/2022 |

Independent Technical Evaluator - Business Case Assessment – Q2 2022/23

Independent Technical Evaluator - Business Case Assessment – Q2 2022/23

Prepared by:

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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 2022 as its 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 will be made for funding approval 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 the 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 'go' / 'no go' decisions on funding, but to provide evidence to the South East Local Enterprise Partnership Board to make such decisions based on expert, independent and transparent advice. Approval will, in part, depend on the appetite of the Board to approve funding for schemes where value for money is not assessed as being high (i.e. where a benefit to cost ratio is below two to one and / or where information and / or analysis is incomplete).
- 1.5 The assessments are 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 https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/685903/The_Green_Book.pdf

- 1.7 Individual criteria are assessed and 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 economy 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 across each of the five dimensions, comments are 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 are conducted by a team of transport and economic planning professionals, and feedback and support are given to scheme promoters throughout the process via workshops, meetings, telephone calls and emails.
- 1.11 There are no Business Case reviews to report on for the current period.

Change Requests

- 1.12 The SELEP Assurance Framework states that any variations to a project's costs, scope, outcomes or outputs from the information specified in the Business Case must be reported to the Accountability Board. When the changes are expected to have a substantial impact on forecast project benefits, outputs and outcomes as agreed in the business case which may detrimentally impact on the Value for Money assessment, it is expected that the business case should be re-evaluated by the ITE.
- 1.13 While a simplified approach was taken to assessing the updated project costs in the value for money calculations, this was done with the understanding that a more comprehensive approach would have also found continued "high" value for money unless otherwise stated.
- High value for money, high certainty**
- 1.14 The following scheme achieves **high value for money** with a **high certainty** of achieving this.
- UTC Maritime and Sustainable Technology Hub*
- 1.15 East Sussex County Council has made a change request regarding a material change in the cost of the UTC Maritime and Sustainable Technology Hub project. Overall project costs are set to increase from £1,778,091 to £2,350,000 (a £571,909 change).
- 1.16 The scope of the project remains converting a disused Grade-II listed building and educational facility in Newhaven into a multi-use site. The redeveloped site will include 1,630sq.m of training and business support space for the maritime sector as well as 1,595sq.m of commercial office space and a new shared business centre for the public sector. 133 new jobs will be created (gross) and an estimated 346 trainees will achieve qualifications in 'clean, green and marine technologies' annually.
- 1.17 The original business case as reviewed by Steer in October 2020 was based on a scheme capital cost of £1.78m, including a Getting Building Fund contribution of £1.3m. The benefit cost ratio for the original scheme was 2.93:1 representing "high" value for money, with a "high" level of certainty of achieving that value for money.
- 1.18 Cost increases have occurred after delays surrounding the acquisition of the educational facility. Lewes District Council will now purchase outright the head lease and the sub-lease for the building rather than taking on the Department for Education's shorter sub-lease, which entailed clauses that would limit future commercial and educational opportunities. This will cost £571,909.
- 1.19 Alternative funding sources have been identified to cover these additional costs so the LEP's financial contribution to this project does not increase.
- 1.20 The acquisition of the building will cause an increase in the scheme's Gross Development Value. This is because the building constitutes an investment with an asset valuation of £635,000².
- 1.21 With the increase in costs and the scheme's Gross Development Value our assessment shows that the benefit cost ratio is revised down to 2.81:1 which remains comfortably above 2:1. Even without accounting for the increase in Gross Development Value brought on by the acquisition of the asset, with no other change in outputs it is highly likely that the adjusted benefit cost ratio will still remain above 2:1.
- 1.22 We are therefore confident that the scheme, with this cost increase, will continue to represent "high" value for money. With costs and works packages now confirmed, the certainty of achieving that value remains "high" with a revised March 2023 completion date.

² Valuation undertaken by BNP Paribas in June 2021

Change requests for projects seeking additional LGF if funding becomes available

Southend Airport Business Park

- 1.23 Southend-on-Sea City Council is seeking an additional £1.6m to spend on the Southend Airport Business Park Project. The scope of the project remains investing in the development of a greenfield site located next to Southend Airport. The project aims to deliver 3,715 jobs, 84,148 square metres of commercial floorspace, 2 kilometres of newly built roads, 2 kilometres of new cycleways, and reclaim 19 hectares of land.
- 1.24 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 £23.1m. The benefit cost ratio for the original scheme was 4.3:1 representing “very high” value for money, with a high level of certainty of achieving that value.
- 1.25 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.
- 1.26 The additional funding request of £1.6m represents an increase in total scheme cost from £31.2m to £32.7m. Our assessment shows that the benefit cost ratio will remain comfortably above 2:1 and we are confident that the scheme, with the additional investment, will continue to represent “high” value for money with a high certainty of achieving that value.

Parkside Phase 3

- 1.27 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.
- 1.28 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 of achieving that value.
- 1.29 Additional investment is being sought from the Local Growth Fund due to a deferral to construction caused by the Covid-19 pandemic. In response to the pandemic, the university deferred all major capital projects that weren’t already under construction or essential to current continuity. Additional LGF funding will cover increased contractor cost and risk being factored into the design costs that will allow Phase 3 to adapt to changes in market conditions following the Covid crisis.
- 1.30 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 4:1 therefore we are confident that the scheme, with the additional LGF investment, will continue to represent “very high” value for money with a high certainty of achieving that value.

A13 Widening

- 1.31 Thurrock Council is seeking an additional £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 two to three lanes in both directions, from the junction with the A128 (Orsett Cock roundabout) in the west to the A1014 (the Manorway) in the east.
- 1.32 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 of achieving that value.

- 1.33 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.
- 1.34 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.
- 1.35 An additional scenario which considers the benefits of the scheme with the impacts of the 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.
- 1.36 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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V2.0 Draft for Client

Date

21 June 2022
23 June 2022

Project Change Request

Section A – Details

| | |
|----------------|---|
| Project Name | UTC Maritime and Sustainable Technology Hub |
| Lead Officer | Peter Sharp |
| Lead Authority | Lewes District Council |
| Date Submitted | 13/05/2022 |

Section B – Justification

| | |
|--------------------------------|--|
| Description of Change | Increase to public sector match funding contribution |
| Reason for Making Change | <p>Acquisition costs. Original proposal was to acquire a lease on a peppercorn rent basis. However, there were a number of restrictive clauses within the lease that would have made it challenging to deliver our target outcomes.</p> <p>The additional purchase cost for the project will enable Lewes DC to purchase the head lease and the sub-lease. This will provide greater certainty over project longevity and be more sustainable from the Council's position. Previously, the proposal was that the Council would take on the DfE's much shorter sub-lease with specific clauses included that would limit future commercial and education opportunities.</p> |
| Alternative Options Considered | <p>N/A.</p> <p>Given the restrictions in the lease, it is considered there is no reasonable alternative outcome beyond not purchasing the building.</p> |
| Stakeholders Consulted | N/A. |

Section C - Impact

| | |
|--|--|
| Impact on total project cost (include updated spend profile) | Increased public sector contribution of £571,909. This additional funding is focused on the acquisition costs associated with the building, including all associated fees. |
| Impact on GBF allocation | None |
| Impact on project delivery timescales (include updated delivery programme) | None |
| Impact on project outputs/outcomes | None |
| Impact on Value for Money offered by the project | <p>Minimal impact. The costs are associated with acquisition and are therefore being invested. The market value of the building (£635,000 as at June 2021 – valuation undertaken by BNP Paribas on behalf of Department of Education) highlights that, if anything, this additional expenditure actually improves the value-for-money offered by the project.</p> <p>The original BCR was estimated at 2.93.</p> <p>If we add the additional cost into 22/23 and include the asset valuation within the Gross Development Value, the BCR falls slightly to 2.81. This still represents high value-for-money. On the basis of confirmed costs and</p> |

| | |
|----------------------------|---|
| | <p>works packages prepared by our Commercial Delivery team, it would be reasonable to adjust Optimism Bias. If we amend OB from 15% to 10%, the BCR is 2.91.</p> <p>As a sensitivity test, if we were to increase OB (assuming that our end forecasts were overly ambitious) to 25%, this still provides a BCR of 2.62. This demonstrates that the UTC project still represents high value-for-money for SELEP.</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 Getting Building Fund must be compliant with the Grant Conditions and in accordance with the signed Getting Building Fund Service Level Agreement.

Signature:

Print full name: Ian Fitzpatrick

Position within organisation: Deputy Chief Executive and Director of Regeneration & Planning

Section E – To be completed by Section 151 Officer

In submitting this Project Change Request, I confirm on behalf of Lewes District 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 Getting Building 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: Homira Javadi

Section E – To be completed by Section 151 Officer

In submitting this Project Change Request, I confirm on behalf of East Sussex County 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 Getting Building 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

SELEP GBF Change Request Template

| |
|---|
| Accountable Body. Signature: Print full name: Ian Gutsell |
|---|

| 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 | | | |

Forward Plan reference numbers: FP/AB/544, FP/AB/545 and FP/AB/546

| | |
|---|----------------------|
| Report title: Growing Places Fund Update | |
| Report to: Accountability Board | |
| Report author: Helen Dyer, SELEP Capital Programme Manager | |
| Meeting date: 15 July 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 **Approve** the accelerated drawdown of funding for the No Use Empty Commercial Phase II project.
 - 2.1.3 **Note** the steps being taken by the Eastbourne Fisherman's Quayside and Infrastructure Development project to develop a proposed repayment schedule for consideration by the Board in September 2022.

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 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.
- 3.3 A new prioritised project pipeline was agreed in June 2020. Two projects have subsequently been removed from the pipeline but funding has been awarded

to support delivery of all other pipeline projects. As a consequence, there are currently no projects remaining on the GPF project pipeline.

- 3.4 At this time, due to the ongoing work within SELEP to transition to its new role, there are no immediate plans for a new round of GPF funding to be launched. However, it is expected that a further update on the potential for a future round of funding will be brought to both the Strategic Board and this Board prior to the end of 2022/23.

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 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 D.

Cash Flow Position

- 4.3 As reported at the last Board meeting, a significant risk to the agreed repayment schedule for the Eastbourne Fisherman's Quayside and Infrastructure Development project has been identified. It is expected that a proposed revised repayment schedule for the project will be presented to the September 2022 Board meeting. A summary of this risk and the actions being taken to develop a robust revised repayment schedule are provided in Section 7 below. The GPF repayment schedules are set out in Appendix B.
- 4.4 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.
- 4.5 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 the accelerated drawdown of funding awarded to the No Use Empty Commercial Phase II project, as set out in Section 6 of this report.
- 4.6 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.

- 4.7 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 | 4,650,000 |
| Position before GPF repayments are made | 7,600,702 | 8,389,744 |
| GPF repayments expected | 5,439,042 | 5,620,000 |
| Carry forward | 13,039,744 | 14,009,744 |

- 4.8 As shown in Table 1 total GPF Round 3 drawdown of £4.65m 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.

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 There continues to be 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 7 of this report.
- 5.3 There are a number of medium risks (amber) identified, primarily in relation to repayment and realisation of project outcomes. The repayment risks stem from the ongoing global economic uncertainty and impacts on the property market. 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 It should be noted that East Sussex County Council were unable to provide updates on projects being delivered by Sea Change Sussex in advance of this meeting due to the absence of key personnel at Sea Change Sussex. In

addition, Medway Council did not provide updates on their projects in advance of this meeting. The updates on the Sea Change Sussex and Medway Council projects are as reported at the last meeting and therefore may not be accurate.

- 5.5 The usual update on the benefits realised as a result of the GPF investment has not been included within this report. A full review of the forecast benefits and outcomes stated within the original funding applications, and how delivery of these benefits is being measured post project completion, is currently being undertaken. This review will ensure that the information provided at future Board meetings is accurate and robust.

6. No Use Empty Commercial Phase II – accelerated drawdown of GPF funding

- 6.1 Kent County Council launched its 'No Use Empty' campaign in 2005, with the primary aim of improving the physical urban environment in Kent by bringing long-term empty properties back into use as quality housing accommodation.
- 6.2 As part of round 2 of the GPF, Kent County Council requested GPF loan funding of £1m to enable the No Use Empty scheme to add a funding stream focussing on long-term empty commercial premises. The aim being to return long-term empty commercial properties to use, either as residential, alternative commercial use or for mixed-use purposes.
- 6.3 This GPF funding was awarded in February 2018 and the project progressed at speed and exceeded expectations with regard to the number of commercial properties returned to use.
- 6.4 Demand for loans under the No Use Empty Commercial project outstripped the level of funding available. As a result, an application for a further £2m of GPF funding to support the continuation of the project was sought through GPF Round 3. In February 2021, the Board approved the award of the requested £2m to the No Use Empty Commercial Phase II project. The project Business Case indicated that the GPF funding would be drawn down in 2021/22 (£0.75m), 2022/23 (£0.75m) and 2023/24 (£0.5m).
- 6.5 In February 2022, the Board agreed the accelerated drawdown of the £0.75m GPF scheduled for drawdown in 2022/23 and this funding was transferred to Kent County Council prior to the end of March 2022.
- 6.6 The £1.5m GPF drawn down to date has enabled provision of short-term secured loans in relation to 10 long-term empty commercial properties in Dover, Folkestone (2 properties), Herne Bay, Hythe, Margate, Sheerness, Sittingbourne, Swale and Ramsgate. Work is ongoing to progress works to all 10 properties and it is expected that completion of these works will bring 11 commercial units back into use and will create 42 residential homes.
- 6.7 The Business Case for the No Use Empty Commercial Phase II project indicated that the project would enable the return of 18 empty commercial

units to effective use and the creation of 36 new residential homes. Good progress has already been made towards achieving these forecasts, with the contracted projects expected to deliver in excess of the forecast number of residential homes.

- 6.8 There continues to be strong demand from property owners for the No Use Empty Commercial scheme and as a result, Kent County Council have requested accelerated draw down of the £500,000 GPF funding which was originally programmed for spend in 2023/24, with the funding now required immediately.
- 6.9 The cash flow position, set out in section 4, takes into account this request and shows that there is sufficient funding available in 2022/23 to allow accelerated draw down of the £500,000 as requested by Kent County Council. The Board are therefore asked to approve the accelerated draw down of funding for the project.

7. Eastbourne Fisherman's Quayside and Infrastructure Development project – update towards provision of a revised repayment schedule

- 7.1 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.
- 7.2 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.
- 7.3 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 Community Interest Company (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.
- 7.4 As reported at the May 2022 Board meeting, a repayment of £0.25m was due to be made against the project prior to the end of 2021/22. However, it was only possible for a repayment of £0.1m to be made against the project prior to the end of the financial year and therefore the project defaulted on the agreed repayment schedule. As a consequence, interest is now chargeable on the remaining balance of the GPF loan (£0.825m) until the repayments are brought back into alignment with the agreed repayment schedule.
- 7.5 It was reported at the last Board meeting that a proposed revised repayment schedule would be brought forward for Board consideration in September

2022. This repayment schedule will also need to be considered by the Strategic Board due to the number of changes to the repayment schedule which have previously been agreed by the Board.

- 7.6 Since the last Board meeting, the Eastbourne Fisherman's Under 10m CIC have been taking steps to develop a robust revised repayment schedule. These steps include engagement with a financial institute, and the re-working and reconfiguration of their Business Plan so as to create additional funds to enable repayment of the remaining £0.825m GPF. East Sussex County Council will continue to hold regular update meetings with the Eastbourne Fisherman's Under 10m CIC over the course of the Summer to track progress towards provision of a proposed revised repayment schedule and to monitor any risks to repayment which remain.
- 7.7 The Board should be aware of the ongoing 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 relating to the updated repayment schedule for the outstanding balance on the loan.

8. Financial Implications (Accountable Body Comments)

- 8.1 A total of £13.04m (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, £8.389m is uncommitted increasing to £14.01m 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 £13.185m for 2022/23.
- 8.2 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.
- 8.3 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.
- 8.4 The Board are asked to continue to note that there has been a default in the loan repayment in respect of the Eastbourne Fisherman's Quayside and Infrastructure Development project in 2021/22.

- 8.5 The credit agreement states that interest will be applicable on the loan which is in a default as detailed in 9.1 of this report. An indicative calculation of interest chargeable to East Sussex County Council as the 'borrower' under these terms was provided to the Board at the May 2022 meeting. An end date of 22 September 2022 (aligned with the September Board meeting) was assumed for illustration purposes but is not confirmed
- 8.6 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.
- 8.7 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.
- 8.8 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.
- 8.9. Under the terms of the credit agreements between Essex County Council as the Accountable Body to SELEP being the 'lender' and the lead County/Unitary Authority being the 'borrower' (and SELEP Ltd as a party for post incorporation credit agreements) that on a quarterly basis a progress report is to be provided by the Borrower to include; a statement of project progress and any deviation, a revised Projects, Financial plan, and update of outputs achieved and those forecast, amongst other updates as requested. This is to enable robust and timely reporting to be provided to the Accountability Board on the status of project delivery, outputs and risks and mitigations.
- 8.10. 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 post pandemic and with current economic pressures from increasing inflation and Brexit related issues, 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. Legal Implications (Accountable Body Comments)

- 9.1. 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.
- 9.2. 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.

10. Equality and Diversity implications (Accountable Body Comments)

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

11. List of Appendices

- 11.1. Appendix A – GPF Project Update
- 11.2. Appendix B – GPF Repayment Schedule
- 11.3. Appendix C – GPF Drawdown Schedule
- 11.4. Appendix D – COVID-19 impacts

(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 | |
| Michael Neumann, Head of Finance, Essex County Council (On behalf of Nicole Wood, S151 Officer, Essex County Council) | 07/07/2022 |

| 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 |
| 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 engineering 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 from suppliers. | 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. |
| 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 seeking to negotiate a revised repayment schedule due to the impacts of the COVID-19 pandemic. 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 | Legal documentation in relation to the recently approved loan is currently being finalised. It is expected that the funding will be issued to the loan recipient in September 2022. | Loan recipients were allowed a repayment holiday until 30 September 2021 but repayments have now recommenced and a request has been received to revise the repayment schedule for one of the projects due to the impacts of the COVID-19 pandemic. | Two loan recipients repaid early meaning that the forecast job creation was not achieved within the contractual period. Work is ongoing to confirm the jobs outcomes realised through the funding. | | 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 | | | | | | | | | | |
|--|----------------------------|-------------|---|--|--|--|---|--|--|---|
| 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 |
| 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. |
| 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 of a construction contractor has concluded and it is expected that work will commence onsite on 1 August 2022. | Construction contract has been awarded and work is expected to commence in August. | 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. Engagement with utility companies has taken longer than anticipated but float has been included in the programme to mitigate this risk. | Project is due to commence onsite in Summer 2022 and will be subject to a shorter delivery programme than that set out in the Business Case. Identified risks will be monitored as the project progresses. |
| 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, with final utilities work and surfacing of the road and car park ongoing. | Construction is nearing completion. | GPF funding spent in full as works are nearing completion. | 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. | Project has been delayed due to long lead-in times for the required utility works but these have now been completed and the final elements of the project are in progress. | 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. |
| 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. |

| 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 |
| 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. | <p>Planning permission for the proposed works was granted in September 2020.</p> <p>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 by August 2022.</p> <p>The first tenant took occupation in November 2021, with tenants now being sought for 12 studio-offices within the building.</p> | This is a complex project seeking to address the impacts of 35 years of dereliction. Delivery of the GPF funded works is nearing completion, with rendering of the west elevation underway. | 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 and makes forecasting difficult. | 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. | <p>Growing Places Fund loan agreement completed in December 2021. Full funding allocation drawn down in January 2022.</p> <p>Additional funding will allow sequential delivery of improvements to the upper floors of the building, reducing the need for scaffolding to be removed and replaced at a later date. GPF funded outputs expected to complete by March 2024, however, further funding will be required to ensure that the full project specification can be delivered.</p> | This is a complex project seeking to address the impacts of 35 years of dereliction. Delivery is progressing well with rendering of the west elevation underway. | 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 and makes forecasting difficult. | 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 |
| 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. | <p>Glover's House has been delivered.</p> <p>The building has been sold which allowed full repayment of the GPF loan to be made during 2019/20</p> | 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 | <p>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.</p> <p>A waterfront development site that can provide up to 175 homes over 6 to 10 storeys with ground floor commercial space.</p> | <p>Piling is now complete for all blocks and work is continuing on 3 of the blocks.</p> <p>Work has commenced to deliver the new turning required to access the site.</p> | 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 then number of houses delivered and the number of jobs created. | | GPF element of the project complete |

| Growing Places Fund Update Appendix A | | | | | | | | | | |
|---------------------------------------|----------------------------|-----------|---|--|---|---|--|--|---|--|
| Name of Project | Upper Tier Local Authority | GPF Round | Description | Current Status | Deliverability and Risk | | | | | |
| | | | | | Delivery Risk | GPF Spend Risk | Repayment Risk | Delivery of Project outcomes | Other Risks | Overall Project Risk |
| 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. |
| Live Margate | Kent | Round One | Live Margate is a programme of interventions in the housing market in Margate and Cliftonville, which includes the acquisition of poorly managed multiple occupancy dwellings and other poor quality building stock and land to deliver suitable schemes to achieve the agreed social and economic benefits to the area. | "Phase 1" has been completed. "Phase 2" is underway. 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. To date 83 units have been completed and occupied, with a further 22 units expected to be delivered through ongoing projects. | 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. | COVID-19 has impacted on the construction sector and the time required to return derelict homes back into use. In addition, it is unknown at present how much of an impact COVID-19 will have on sales values of the homes. A revised repayment schedule was agreed by the Board in November 2020. | From the land and sites identified, and positive engagement of partners, there is now greater certainty that the target of 89 homes will be exceeded by 2024/25. | | Project is progressing well following change to Phase 2 of the project. Project is expecting to exceed the project outcomes set out in the Business Case. |

| 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 |
| 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. | 10 projects currently contracted and underway in Dover, Folkestone, Herne Bay, Hythe, Sheerness, Sittingbourne, Swale and Ramsgate. These projects are expected to return 11 empty commercial units back into use and create 42 residential units. Approval for accelerated drawdown of £750,000 GPF (originally forecast for drawdown in 2022/23) was granted at the February 2022 meeting. Approval for accelerated drawdown of £500,000 GPF originally forecast for drawdown in 2023/24 is sought at this meeting. | The first 10 projects are in contract and discussions are ongoing regarding further properties which may be added to the programme. | No identified GPF spend risk. Approval for accelerated drawdown of GPF funding is sought at this 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 progressing well and accelerated drawdown of GPF funding is sought at this meeting to support project delivery. |
| Priory Quarter Phase 3 | East Sussex | Round One | The Priory Quarter (Havelock House) project is a major development in the heart of Hastings town centre which has delivered 2,247m ² of high quality office space with the potential to facilitate up to 440 jobs. | The Priory Quarter (Havelock House) project is now complete and has delivered 2,247m ² of high quality office space. It is estimated, through the application of the Housing and Communities Agency methodology, that the project has created 440 jobs to date. Havelock House has now been sold, which enabled full repayment of the GPF loan prior to the end of 2018/19. | Project Complete | Project Complete | Havelock House has been sold enabling full repayment to be made in 2018/19. | As the building has now been sold, it is difficult to 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. | The GPF funded works on the café-restaurant are now complete and the café-restaurant is open. Immediate impacts of the COVID-19 pandemic have been experienced, resulting in delays to repayment of the GPF loan. | Project complete | GPF funds spent | Following impacts of COVID-19, a revised repayment schedule was approved by the Board in July 2020. 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. |
| Fitted Rigging House | Medway | Round Two | The Fitted Rigging House project converts a large, Grade 1, former industrial building into office and public benefit space initially providing a base for eight organisations employing over 350 people and freeing up space to create a postgraduate study facility elsewhere onsite for the University of Kent Business School. The project also provides expansion space for the future which has the potential to enable the creation of a high tech cluster based on the work of one core tenant and pre-existing creative industries concentrated on the site. The conversion will provide 3,473m ² of office space. | Building works to the project were complete as of 31st March 2020. The building is now fully occupied, with all 8 tenants operating from their new working spaces. Immediate impacts of the COVID-19 pandemic were experienced, resulting in delays to repayment of the GPF loan. | 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. |

| 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 |
| 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>To date, 15 commercial and 26 residential units have been brought back into use as a result of the project. A further 2 residential units may be delivered at a later date.</p> | Project complete with final repayment due to be made in March 2023. | The full £1.0m of GPF funding has been allocated to projects | A revised repayment schedule was agreed by the Board in November 2020 and repayments are being made in line with this schedule. | <p>Contracts are now in place to ensure delivery of the outcomes stated within the Business Case.</p> <p>Timeframe for realisation of benefits will be affected by COVID-19 construction delays.</p> | 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. The first two projects under this funding stream are now in contract.</p> | Delivery of the project is at an early stage but there is a proven track record of delivery. | GPF spend commenced in Q1 2022/23 following completion of the contracts relating to the initial projects. | 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. |
| Parkside Office Village | Essex | Round One | <p>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.</p> | 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 | <p>The project will deliver key infrastructure investment including the construction of the next phase of the principal access road, public space and site gateways.</p> <p>This development is to be completed over 7 phases and should take approximately 12 years. The scheme will include: 1,400 new homes (25% of which are affordable), a new 1 form entry primary school, 2,200 sqm of new office & retail space, an 81 bed hotel and 10 acres of public open space.</p> | <p>The first housing units were completed in Q2 of 2019. 331 homes are now occupied, with a further 171 under construction (Phases 1 to 3).</p> <p>Construction of the new 2 form entry school commenced in July 2021, with completion expected by September 2022.</p> <p>Planning applications are being prepared/have been submitted in relation to future phases of development on the site.</p> | This project is already on site and the \$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. | <p>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.</p> | 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. |

| 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 |
| 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. | Delivery of the project has now been completed and the GPF funding has been spent in full. | 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 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 | 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 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 | 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 | | | | | | |
| 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 | 3,395,008 | 1,500,000 | 1,000,000 | 1,000,000 | 1,500,000 | - | - | 5,000,000 |
| Sub Total | | 46,705,042 | 46,705,042 | 39,737,050 | 38,130,675 | 4,575,000 | 1,000,000 | 1,500,000 | - | 234,600 | 46,686,275 |
| 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 | 1,313,000 | - | - | - | 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 | 1,226,200 | - | - | - | - | 1,616,500 | - | 1,616,500 |
| No Use Empty Residential | Kent | 2,500,000 | 2,500,000 | 75,000 | - | - | - | - | 1,250,000 | 1,250,000 | 2,500,000 |
| Sub Total | | 18,186,500 | 13,536,500 | 4,964,200 | - | - | 100,000 | 1,750,000 | 14,586,500 | 500,000 | 18,186,500 |
| Total | | 73,308,542 | 68,658,542 | 53,179,250 | 41,375,675 | 5,620,000 | 1,740,000 | 3,940,000 | 16,383,500 | 1,734,600 | 73,289,775 |

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 | 4,650,000 | - | 18,186,500 |
| Total | | 72,062,542 | 62,492,542 | 4,650,000 | - | 72,062,542 |

Appendix D – COVID-19 impacts

Through reporting provided on the GPF projects since the onset of the COVID-19 pandemic, it is apparent that there are a number of high-level risks which are having an impact across the GPF programme. The key overarching risks highlighted are:

- **The effect of social distancing measures on construction practices** – these measures have resulted in extended construction periods and unknown delays to the completion of projects and have been further exacerbated by delays to the supply chain and materials shortages. These factors 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 ongoing 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 GPF loans.
- **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.

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

| | |
|---|----------------------|
| Report title: Updated 2022/23 Revenue Budget | |
| Report to Accountability Board | |
| Report author: Lorna Norris, Senior Finance Business Partner | |
| Date: 15th July 2022 | For: Decision |
| Enquiries to: lorna.norris@essex.gov.uk | |
| SELEP Partner Authority affected: <i>Pan SELEP</i> | |

1. Purpose of Report

- 1.1 The purpose of this report is for the Accountability Board (the Board) to consider the update to the 2022/23 budget including specific grants.

2. Recommendations

- 2.1. The Board is asked to:

- 2.1.1 **Approve** the proposed 2022/23 updated SELEP revenue budget set out in Table 1, including the specific funds summarised in Table 3 (and detailed in Appendix A);
- 2.1.2 **Approve** the re-purposing of the uncommitted funding from the Covid-19 Skills Reserve of £35,000 set out in section 3.12.3 of the report, to be transferred to the Operational Reserve to support future service delivery;
- 2.1.3 **Approve** the reduction in the Redundancy Reserve of £52,000 and for this funding to be transferred to the Operational Reserve to support future service delivery;
- 2.1.4 **Note** the on-going uncertainty from Government regarding the future funding position for SELEP beyond 2022/23.

3 SELEP Revenue Budget 2022/23

- 3.1. When the budget for 2022/23 was agreed by the Board in November 2021 it was assumed that no new revenue funding would be available to support SELEP beyond 2021/22 due to the uncertainties arising from the LEP review and the delayed Levelling Up white paper. As reported to the Board in May 2022, however, Government have advised that Core funding of £375,000 will be made available for LEPs to apply for, subject to demonstration of the match funding, which was agreed at the meeting in May. The Government have now written to SELEP advising of the process to apply for the core funding, which aligns to the approach applied in previous years. The proposed updated budget set out in Table 1, assumes receipt of this funding.

- 3.2. The finance update provided to the May meeting of the Board set out the provisional outturn for 2021/22 which confirmed an overall improved position on the Operational Reserve at 31st March 2022 of £358,000; this was primarily due to the late receipt of the remaining £250,000 of core funding in December 2021/22, which meant that this funding could be used to support the planned spend in the year, resulting in a lower draw on the Operational Reserve than budgeted.
- 3.3. This improved reserve position, combined with the confirmation that core funding of £375,000 will be made available for SELEP to apply for in 2022/23, plus the agreed local authority match funding totalling £137,500, means that a total of £870,500 of funding is available to support across 2022/23 and future years.
- 3.4. The budget position for 2022/23 has been reviewed with the SELEP Chief Executive Officer (CEO). The proposed updated budget is set out in Table 1 and reflects the latest forecast position for 2022/23; this budget seeks to ensure that there is sufficient funding available to meet the commitments set out in the 2022/23 SELEP Delivery Plan that was agreed by the Strategic Board in June 2022. The updated budget also intends to retain sufficient funding within the Operational Reserve to support the SELEP activities into 2023/24 – further information on the reserves is set out in section 3.14.
- 3.5. The updated budget proposal includes a revised net contribution from the Operational reserve of £496,000; this represents a reduction of £311,000 in comparison to the latest agreed budget position of £807,000. A summary of movements in the budget are set out in Table 2 below. Within this movement, the following key movements are noted in addition to the Core Funding now expected to be received:
- 3.6. Staff Salaries – the net movement of £22,000 includes the addition of resource to support key activities within the SELEP delivery plan; this amount is offset by additional rechargeable income against unbudgeted grant funding.
- 3.7. Consultancy and Project Work – the total movement of £133,000 includes provision of funding for additional audit activity requested by the Accountable Body and provision of additional support from the Independent Technical Evaluator.
- 3.8. External Interest – an estimated external interest receipt of £21,000 on the Capital and reserve balances held by the Accountable Body on behalf of SELEP; this value is dependent on the balances held and the prevailing interest rates, so may be subject to change in this respect.
- 3.9. Contributions to the Operational Reserve – these relate to the following recommended changes:
- Re-purposing of uncommitted funding from the Skills Covid-19 Project (see section 3.12.3)
 - Reduction in the value of the Redundancy Reserve to reflect recent staffing changes within the SELEP Secretariat (see section 3.14.4)

Table 1: 2022/23 Proposed Budget Summary

| | Proposed Updated Budget £000 | Latest Budget £000 | Variance £000 | Variance % |
|--|---------------------------------|-----------------------|------------------|---------------|
| Staff salaries and associated costs | 771 | 764 | 7 | 1% |
| Staff non salaries | 6 | 7 | (1) | -16% |
| Recharges (incl. Accountable Body) | 269 | 110 | 159 | 144% |
| Provision For Redundancies | 1 | 1 | - | - |
| Total staffing | 1,047 | 881 | 165 | 19% |
| Meetings and admin | 148 | 33 | 115 | 346% |
| Chair and Deputy Chair Allowance including oncosts | 40 | 42 | (2) | -4% |
| Consultancy and project work | 130 | 9 | 121 | 1429% |
| COVID-19 Support Programmes | 1,760 | 507 | 1,253 | 247% |
| Grants and contributions to third parties | 585 | 22 | 563 | 2557% |
| Total other expenditure | 2,663 | 612 | 2,051 | 335% |
| Total expenditure | 3,710 | 1,493 | 2,216 | 148% |
| Grant income | (1,208) | (42) | (1,166) | 2777% |
| Contributions from partners | (138) | (138) | - | - |
| COVID-19 Support Fund | (1,760) | (507) | (1,253) | 247% |
| External interest received | (21) | - | (21) | - |
| Total income | (3,127) | (687) | (2,441) | 356% |
| Net cost of services | 583 | 807 | (224) | -28% |
| Funds transferred (to)/from the Operational Reserve (not charged to services) | | | | |
| Other re-purposed funds transferred to Reserves | (35) | - | (35) | - |
| Contribution from Redundancy Reserve | (52) | - | (52) | - |
| Net Deficit (Surplus) on provision of services | 496 | 807 | (311) | -38% |
| Net Contributions to/(from) Operational reserves | (496) | (807) | 311 | -38% |
| Final net position | - | - | - | 0% |

Table 2: Summary of Movements in the Budget (excluding specific grant adjustments*)

| | £'000 |
|--|--------------|
| Latest Budgeted Contribution from the Operational Reserve | 807 |
| Movements in Net Cost of Services | |
| Core Funding Grant | (375) |
| External Interest Received | (21) |
| Net movement in recharges | 17 |
| Staff Salaries | 22 |
| Consultancy and Project work | 133 |
| Total Movement in Net Cost of Services | (224) |
| Movement in Contributions to the Operational Reserve | (87) |
| Total Movements | (311) |
| Proposed Updated Budgeted Contribution from the Operational Reserve | 496 |

* Note: the figures in this table reflect the underlying movements and exclude those relating to the addition of specific grants in the updated budget position in Table 1, as

these have a net nil impact on the Operational Reserve.

- 3.10. Of the total revenue grant income expected to be received by SELEP in 2022/23, only £375,000 relates to general grants to support the operations of SELEP; the remainder is applied as specific grants, with associated conditions for use. The updated specific grants position is set out in Table 3 below.

Table 3: 2022/23 Specific Revenue Funds Summary

| Fund | Funding Brought Forward £000 | Funding Received £000 | Funding Applied £000 | Funding Repurposed to Reserves £000 | Funding Carried Forward £000 |
|---|---------------------------------|--------------------------|-------------------------|--|---------------------------------|
| Sector Support Fund (SSF) | (303) | - | 303 | - | - |
| Growth Hub - Core Funding Grant | - | (445) | 445 | - | - |
| Skills Analysis Panels (SAP) Grant | - | (55) | 55 | - | - |
| Local Digital Skills Partnership Catalyst Grant | (29) | - | 29 | - | - |
| Energy Strategy Grant | (1) | - | 1 | - | - |
| Total Grant Income Applied | (333) | (500) | 833 | - | - |
| SELEP Core and GBF Capacity Grants | - | (375) | 375 | - | - |
| Covid-19 Skills Fund | (672) | - | 637 | 35 | - |
| Covid-19 Business Support Fund | (1,189) | - | 1,123 | - | (66) |
| Total Revenue Funding Applied | (2,195) | (875) | 2,969 | 35 | (66) |

- 3.11. The Board is recommended to approve the expenditure budgets for the funding set out in Table 3 and in detail in Appendix A, noting that any material change will be reported to the Board at the first opportunity. A summary of each grant is set out in Appendix A; an update with respect to the Covid-19 funds is set out below.

3.12. Covid-19 Recovery Funds

- 3.12.1. It was reported to the Board at the meeting in May that the two Covid-19 recovery programmes would be extending into 2022/23 and an update on the programmes was provided to the SELEP Strategic Board in June 2022 (a copy of this report is included in the background information).
- 3.12.2. All of the contracted programmes are in delivery and are due to complete through 2022/23, with the evaluation phase for the business support fund due to be completed in 2023/24; the business support programme, therefore anticipates the final £66,000 of the contract costs to fall in 2023/24.
- 3.12.3. In respect of the Skills programme, £45,000 was set aside as match funding for the Digital Skills Partnership. This is now not required in full. Discussions are ongoing as to how £10,000 of this could support year four of a Digital Skills Partnership for Catalyst South and the residual £35,000 underspend is requested to be repurposed to the Operational Reserve in 2022/23.

3.13. Funding Risks

- 3.13.1. The Government only confirms funding for SELEP on an annual basis; this increases the risk to delivery partners and the overall sustainability of the SELEP. This risk is exacerbated for 2022/23 as the Core funding contribution from Government of £375,000 (reduced from £500,000 in prior years) has yet to be received at the time of writing this report. If this funding is not received, SELEP will need to review its budget position again to either increase the contribution from reserves, which places the future sustainability of the SELEP at risk, or to reduce planned expenditure in 2022/23. This position will remain under review with further proposals brought to the Board in September should the funding not be confirmed in the interim. The process by which SELEP can apply for the Core funding has now been confirmed and is expected to be submitted in advance of the Board meeting.
- 3.13.2. In the letter confirming the 2022/23 Core funding arrangements, Government also advised that they have not made any decisions around the future funding of LEPs beyond this financial year. This again places SELEP in the position that planning for delivery beyond March 2023, will need to be on the basis of the available Operational reserves – this position is considered further in section 3.14 below. In this circumstance, there remains on-going risk of redundancies in the SELEP team being required into 2023/24.
- 3.13.3. The Levelling Up White Paper indicated 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. The Board may want to consider the on-going implications of this requirement for the local authority partners.
- 3.13.4. 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:
- 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;
 - Costs associated with employing the Secretariat, including potential redundancy costs;
 - Operational costs of SELEP and any costs specifically associated with the operation of South East LEP Ltd.

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)

- Other risks being managed by the Accountable Body on behalf of SELEP

3.13.5. A key mitigation to the identified risks is the agreed approach to managing the SELEP reserves. 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. The latest assessment of the reserves is set out in 3.14 below; any changes to the level of reserves is subject to a decision by the Board.

3.14. Reserves

- 3.14.1. The proposed updated budget set out in Table 1 includes a revised net contribution from reserves of £496,000 to ensure there is sufficient funding for the planned expenditure. This position assumes receipt of the grants set out in Table 3, some of which have yet to be confirmed and received from the respective Government department.
- 3.14.2. Table 4 summarises the level of Operational Reserves that will be available to support SELEP based on the budget proposals within this report. The proposed updated budget ensures that £805,000 remains at the end of March 2023 to support delivery into 2023/24. To sustain the service at the current level of delivery in the short term, SELEP continues to be reliant on support from Government and contributions from Partners to supplement the available reserves; if SELEP is unable to secure this funding support, it may need to look at options for budget savings into 2023/24, including the potential for further redundancies within the Secretariat.
- 3.14.3. The reserves position will continue to be actively monitored, to provide assurance that, as far as possible, funding remains available to support the core activities of the SELEP during 2022/23 and future years and that this continues to be balanced against funding the on-going commitments and risks arising, both in respect of SELEP and Essex County Council in its role as the Accountable Body for SELEP.
- 3.14.4. The latest assessment of the staffing position within the SELEP has determined that £52,000 of the funding set aside within the Redundancy Reserve is no longer required following the resignation of staff within the Secretariat. It is therefore recommended that this funding is contributed back to the Operational Reserve to support the on-going delivery of the SELEP.

Table 4: 2022/23 Reserves Summary

| | Opening Balance Apr '22 | Contributions | Withdrawals | Closing Balance Mar '23 | Net Movement in Reserves |
|--|----------------------------|---------------|----------------|----------------------------|-----------------------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| Operational Reserve | 1,302 | 87 | (583) | 805 | (496) |
| Ring-fenced Reserves Earmarked for future use | | | | | |
| Covid-19 Skills Support Fund | 672 | | (672) | - | (672) |
| Covid-19 Business Support Fund | 1,189 | | (1,123) | 66 | (1,123) |
| Redundancy Reserve | 163 | 45 | (52) | 156 | (6) |
| Future Commitments Reserve | 423 | | | 423 | - |
| Risk Reserve | 975 | | - | 975 | - |
| Total Reserves | 4,723 | 132 | (2,430) | 2,425 | (2,298) |

4. Financial Implications (Accountable Body comments)

- 4.1. This report has been authored by the Accountable Body and the recommendations are considered appropriate.
- 4.2. The updated 2022/23 revenue budget is considered to be robust and the level of reserves held is appropriate. However, due to the on-going uncertainties with respect to funding, there remain budget risks both in the current year and into 2023/24. If the anticipated funding is not secured, the budget may need to be reprioritised and associated services may need to be scaled back further from 2023/24.
- 4.3. 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 and reserves.
- 4.4. 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.
- 4.5. The Accountable Body will continue to support the Secretariat in review the budget options for future years and in understanding the impact of any changes required as a result of the evolving financial position.

5. Legal Implications (Accountable Body comments)

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

6. Equality and Diversity implication

- 6.1. 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.
- 6.2. The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation.
- 6.3. In the course of the development of the budget, the delivery of the service and their ongoing commitment to equality and diversity, the accountable body will ensure that any equality implications are considered as part of their decision making process and where possible identify mitigating factors where an impact against any of the protected characteristics has been identified.

7. List of Appendices

- 7.1. Appendix A – Specific Grant Summary

8. List of Background Papers

- 8.1. June Strategic Board Information item on the Covid-19 Recovery Funds:
https://www.southeastlepp.com/app/uploads/2022/02/Strategic-Board_June-2022_Information-Items.zip

(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 Michael Neumann, Head of Finance, Essex County Council (On behalf of Nicole Wood, S151 Officer Essex County Council) | 07/07/22 |

Specific Revenue Grant Summary

The following sets out further detail of the planned application in 2022/23 of the specific grants summarised in Table 3 of the main report.

Table A: Total Specific Grant Expenditure Summary

| Specific Grant Summary - Revenue | Latest Budget |
|---|----------------------|
| | £000 |
| Recharges (incl. Accountable Body) | 146.4 |
| Office expenses | - |
| Consultancy and projects | 102.4 |
| Grants to third parties | 575.6 |
| Match Fund to 3rd Party | 9.0 |
| Total Expenditure | 833.4 |
| | |
| Grant Income | (833.4) |
| Total income | (833.4) |
| | |
| Net position | - |

Sector Support Fund (SSF)

It was agreed by Strategic Board in June 2017, the £1.5m of the GPF revenue grant would be used to establish a fund to support Pan-LEP projects. In July 2020, the Board agreed to re-purpose £1m of the GPF loan fund to extend the SSF scheme to support COVID recovery projects and projects to support Brexit activities. At the end of 2020/21, £0.126m remained unallocated and in November 2021, the Board agreed to reallocate this amount to the Operational Reserve and to close the scheme. A balance of £303,000 is held that is allocated to Projects but as yet not transferred to Local Partners.

Table B: SSF Expenditure Summary

| Sector Support Fund | Latest Budget |
|------------------------------------|----------------------|
| | £000 |
| Recharges (incl. Accountable Body) | - |
| Office expenses | - |
| Consultancy and projects | - |
| Grants to third parties | 303 |
| Total Expenditure | 303 |
| | |
| Grant Income | (303) |
| Total income | (303) |
| | |
| Net position | - |

Growth Hub Revenue Grant

The Department of Business, Energy and the Industrial Strategy (BEIS) confirmed in March 2022 that the SELEP Growth Hub would be able to apply for £445,000 of funding for 2022/23; this is 50% of the value of funding available in prior years.

The grant conditions and principles of funding for 2022/23 remain very stringent and the Growth Hub programme will need to continue to ensure that it fits with the requirements.

In 2018/19, following the increased requirements of Central Government, a full-time post was established within the Secretariat to support the Growth Hub programme; the costs of the post will be met, through the grant in this year; the Strategic Board agreed in June 2023 the proposed use of the funding for 2022/23.

Table C: Growth Hub Grant Expenditure Summary

| Growth Hub | Latest Budget £000 |
|------------------------------------|-------------------------------|
| Recharges (incl. Accountable Body) | 84 |
| Office expenses | |
| Consultancy and projects | 89 |
| Grants to third parties | 272 |
| Total Expenditure | 445 |
| | |
| Grant Income | (445) |
| Total income | (445) |
| | |
| Net position | - |

Skills Analysis Panels (SAP) Grant

The Skills Analysis Panels (SAP) Grant has been allocated to SELEP for a further year for the purpose of building capacity, growing local capability sustainably and for producing high quality analysis to underpin the work of the SAP; the aim of the SAP is to help colleges, universities and other providers deliver the skills required by employers, now and in the future.

The SAP is a local partnership comprising of local employers, skills providers and local government to pool knowledge on skills and labour market needs, and to work together to understand and address key local challenges.

A total of £55,000 is available to support the SAP primarily to fund a role in the Secretariat to support the implementation and delivery of the aims of the SAP.

Table D: Skills Analysis Panel Expenditure Summary

| Skills Analysis Panels (SAP) Grant | Latest Budget £000 |
|---|-------------------------------|
| Recharges (incl. Accountable Body) | 42 |
| Office expenses | - |
| Consultancy and projects | 13 |
| Grants to third parties | - |
| Total Expenditure | 55 |
| Grant Income | (55) |
| Total income | (55) |
| Net position | - |

Local Digital Skills Partnership Catalyst Grant

Local Digital Skills Partnership Catalyst Grant was awarded to SELEP in 2021/22 to fund a member of the Secretariat to project manage and coordinate the local digital skills partnership. £20,000 of this funding remains to enable continuation of the role to July 2022, with the remaining £9,000 planned to be used as a match funding contribution to support Year 4 of Digital Skills Partnership for Catalyst South. The partnership is a cross-sector collaboration, initiated by SELEP, to tackle local digital skills gaps.

Table E: Local Digital Skills Partnership Catalyst Grant Expenditure Summary

| Local Digital Skills Partnership Catalyst Grant | Latest Budget £000 |
|--|-------------------------------|
| Recharges (incl. Accountable Body) | 20 |
| Office expenses | - |
| Consultancy and projects | |
| Grants to third parties | - |
| Match fund to 3rd party | 9 |
| Total Expenditure | 29 |
| Grant Income | (29) |
| Total income | (29) |
| Net position | - |

Additional Grants

In addition to those grants set out above, SELEP is also planning to spend the residual balances on the following grant:

Energy Strategy Grant - £927