

Report title: Addendum to the Getting Building Fund Capital Programme update	
Report to: Accountability Board	
Report author: Helen Dyer, SELEP Capital Programme Manager	
Meeting date: 27 May 2022	For: Decision
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SELEP Partner Authority affected: All	

1. Purpose of report

- 1.1. This report acts as an addendum to the Getting Building Fund (GBF) Capital Programme Update report as published on 19 May 2022.
- 1.2. The purpose of this report is for the Accountability Board (the Board) to receive an update on the Riding Sunbeams Solar Railways project. The report also summarises the implications that this update has on the contents of the Getting Building Fund Capital Programme Update report.

2. Recommendations

- 2.1. The Board is asked to:
 - 2.1.1. **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.

3. Riding Sunbeams Solar Railways

- 3.1. The Riding Sunbeams Solar Railways project is seeking to build and connect the world's first megawatt scale renewable solar energy plant directly powering the direct current railways located in the heart of East Sussex.
- 3.2. The project was awarded £2.5275m GBF funding in November 2020 and, as at 31 March 2022, £2.4775m of the GBF allocation remained unspent. This funding is currently being held by East Sussex County Council.
- 3.3. Despite their best efforts, Riding Sunbeams and Network Rail (delivery partner) have concluded that this project cannot be delivered at this time due to insurmountable technical issues and the Board are asked to agree the removal of the project from the GBF programme.

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- 3.4. The Riding Sunbeams project was innovative and the first of its kind, which in itself presented challenges to project delivery as there was no pre-existing established approach to adopt and much of the early work on the project focused on feasibility and how the technical connection between the solar energy plant and the Network Rail distribution system would work.
- 3.5. As a result of the removal of the project from the GBF programme, the following benefits will not be realised:
 - 3.5.1. Establishing the first proven route-to-market for direct-wire power purchase agreements, and the technical and commercial framework to help guide Network Rail's low carbon power procurement trajectory;
 - 3.5.2. Creating green employment opportunities. Over the 25-year lifetime of the project it was estimated that the solar farm would support 40 jobs;
 - 3.5.3. Benefiting the region's electricity network resilience and providing capacity enhancement solutions whilst opening up renewable energy capacity for the rail industry;
 - 3.5.4. Saving of annual carbon per megawatt of around 245t/CO₂e;
 - 3.5.5. Stimulating local social and environmental impact through the development of community benefit and options for community investment.
- 3.6. If the Board agree the removal of the project from the GBF programme, a variation agreement will be completed which will formalise this change. East Sussex County Council will be required to repay the full £2.5275m GBF allocation to Essex County Council, as the Accountable Body for SELEP, within 4 weeks of this Board meeting.
- 3.7. As indicated in the main Getting Building Fund Capital Programme Update report, a report will be provided to the Strategic Board in June 2022, which will consider the process which should be applied to the reallocation of this funding to alternative projects. In addition, consideration will be given as to whether there is an ongoing need for further GBF investment in the one project remaining on the GBF prioritised project pipeline. A further update will be provided to the Board in July 2022.

4. Getting Building Fund spend position

- 4.1. The GBF spend position outlined in the main report incorporated the forecast spend profile for the Riding Sunbeams Solar Railways project. GBF spend to date on the project has been reported as £0.05m, with the remaining £2.4475m forecast for spend in 2022/23.
- 4.2. The removal of the project from the programme does not impact on the level of GBF spend reported for 2021/22 and this remains at £50.716m as set out in the main report. However, as the £0.05m GBF spend reported to date cannot now be capitalised, there is a requirement for East Sussex County Council to repay the full £2.5275m GBF allocation to Essex County Council (as the Accountable Body for SELEP) within 4 weeks of this Board meeting. Consequently, the £0.05m GBF reported as spent on the project during 2021/22

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will be reversed in 2022/23 to reflect zero spend on the project. This will mean that the forecast GBF spend in 2022/23 (and beyond) will increase to £20.785m. This change should also be kept in mind when considering the Finance Update report.

- 4.3. It is expected that the £2.5275m GBF originally allocated to the Riding Sunbeams project will be spent in 2022/23, however, this cannot be confirmed until the process and timeline for reallocating this funding has been agreed.
- 4.4. Table 1 below sets out the updated GBF spend forecast for 2022/23.

Table 1: Summary of 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	4.542	14.677	8.865	28.083	68.4%
Kent	37.428	6.201	27.179	4.048	37.428	89.2%
Medway	2.768	0.205	2.563	0.000	2.768	100.0%
Southend-on-Sea	5.400	0.000	2.287	3.113	5.400	42.3%
Thurrock	3.100	0.946	1.523	0.631	3.100	79.6%
Unallocated funding	2.528				2.528	
Total	85.000	13.550	50.666	18.257	85.000	75.5%

- 4.5. The £2.5275m GBF will be reported as unallocated funding until such time as the proposed reallocation process has been concluded and the award of funding to alternative projects has been agreed.

5. Financial Implications (Accountable Body comments)

- 5.1. 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.
- 5.2. 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. Spend incurred to date on the delivery of the Ridings Sunbeams GBF project has been incurred by East Sussex County Council for £0.05m who are required under the SLA to fund this abortive spend and return the full GBF project award of £2.5275m to ECC as Accountable Body for SELEP.

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- 5.3. GBF is allocated through a grant determination from MHCLG (now Department of Levelling Up, Housing and Communications) via section 31 of the Local Government Act 2003; this is subject to the following condition:

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

- 5.4. The grant conditions do not impose an end date for use of the funding, albeit that it was the expectation of Government that all funding is defrayed by 31 March 2022.
- 5.5. As the GBF investment pipeline has been depleted, an approach for prioritisation to reallocate the returned funding will need to be agreed by the Strategic Board, in line with the requirements of the Assurance Framework; this is expected to be considered at the June meeting of the Strategic Board.

6. Legal Implications (Accountable Body comments)

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

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.

(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)

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Role	Date
Accountable Body sign off Stephanie Mitchener (on behalf of Nicole Wood, S151 Officer, Essex County Council)	24/05/2022