

ACCOUNTABILITY BOARD

10:00	Friday, 25 November 2022	Castalia Room, The Nucleus, Brunel Way, Dartford, Kent, DA1 5GA
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The meeting will be open to the public either in person, online or by telephone. Details about this are on the next page.

Quorum: 6 (to include 4 voting members)

Membership

Sarah Dance	Chair
Cllr Kevin Bentley	Essex County Council
Cllr Roger Gough	Kent County Council
Cllr Rodney Chambers	Medway Council
Cllr Keith Glazier	East Sussex County Council
Cllr Mark Coxshall	Thurrock Council
Cllr Stephen George	Southend-on-Sea City Council
Simon Cook	Further Education/ Skills representative
Rosemary Nunn	Higher Education representative

For information about the meeting please ask for:

Lisa Siggins, Secretary to the Board

Telephone: 033301 34594

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

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

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In person:

Castalia Room, The Nucleus, Brunel Way, Dartford, Kent, DA1 5GA. 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.

Accessing Documents

If you have a need for documents in, large print, Braille, on disk or in alternative languages and easy read please contact the Democratic Services Officer before the meeting takes place. For further information about how you can access this meeting, contact the Democratic Services Officer.

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

Pages

1	Welcome and apologies for absence	
2	Minutes of the previous meeting	6 - 22
	To approve the minutes of the meeting held on 23rd September 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.	
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19	Date of Next Meeting	
	To note that the next meeting will be held on Friday 10 March 2023, venue to be confirmed.	
20	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.

**21 LGF High Risk Project update- CONFIDENTIAL
APPENDIX B**

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

22 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 Dove Suite, Mercure Dartford Brands Hatch Hotel & Spa, Longfield, DA3 8PE on Friday, 23 September 2022

Present:

Sarah Dance	Chair
Cllr Lesley Wagland	Essex County Council
Cllr Roger Gough	Kent County Council
Cllr Alan Jarrett	Medway Council
Cllr Keith Glazier	East Sussex County Council
Cllr Stephen George	Southend-on-Sea City Council
Cllr Mark Coxshall	Thurrock Council
Rosemary Nunn (virtual attendance)	Higher Education representative
Simon Cook	Further Education/Skills representative

Also Present:

Christopher Broome	Sea Change Sussex
Bernard Brown	Member of the public
Adam Bryan	SELEP
Paul Chapman	Essex County Council
Alex Colbran	East Sussex County Council
Howard Davies	SELEP
Richard Dawson	East Sussex County Council
Helen Dyer	SELEP
Stephanie Ennis	Essex County Council (Legal representative for the Accountable Body)
Sunny Ee	Medway Council
Amy Ferraro	SELEP
Jessica Jagpal	Medway Council
Mark Jones	Member of the public
Tariq Khwaja	TK Associates
Ian Lewis	Opportunity South Essex
Michael Neumann	Essex County Council (as delegated S151 Officer for the Accountable Body)
Kevin Munnelly	Thurrock Council
Lorna Norris	Essex County Council
Vivien Prigg	Essex County Council

Tim Rignall	Southend-on-Sea City Council
Keith Rumsey	Thurrock Council
John Shaw	Sea Change Sussex
Lisa Siggins	Essex County Council
Sharon Spicer	SELEP

1 Welcome and Apologies for Absence

- Cllr Rodney Chambers substituted by Cllr Alan Jarrett
- Cllr Kevin Bentley substituted by Cllr Lesley Wagland

2 Minutes 15.07.22

The minutes of the meeting held on Friday 15th July 2022 were agreed as an accurate record.

3 Declarations of Interest

None

4 Questions from the public

The questions and responses were read to the Board by Adam Bryan, Chief Executive Officer SELEP.

Question 1 – Bernard Brown

On the North Bexhill Access Road project it is acknowledged that the work required to meet the Planning Conditions has not yet been undertaken. Additional funding was provided for this work by SELEP. As the work has not been completed who holds the money? Is it East Sussex County Council or has the money been paid to Sea Change Sussex? What legally binding assurances does SELEP have that these funds are securely held and are ring fenced solely for the purposes for which they were released by Essex County Council to East Sussex County Council? Will SELEP publish such documentation with the minutes of this meeting?

Response:

The Local Growth Fund funding awarded to the North Bexhill Access Road project has been spent in full supporting delivery of the new road.

The Service Level Agreement in place between Essex County Council (as Accountable Body for SELEP), South East LEP Limited and each Upper Tier Local Authority within the SELEP area is a legal document and includes the following obligations:

- The Council (i.e. East Sussex County Council) accepts responsibility for ensuring delivery of the Project and the outputs and outcomes agreed in the respective Business Cases.
- The Project Allocation (i.e. LGF funding award) is a capped contribution per Project. The Council is responsible for all additional costs, for example overspends, arising from the implementation of the Project.

The standard terms of the Service Level Agreement can be found in the Appendices Pack for the [2 October 2020 SELEP Strategic Board](#) meeting

Question 2 – Steve Turner

SELEP and East Sussex County Council keep reporting that the original 2015 business case for the Queensway Gateway Road was £15m.

But they also keep neglecting to report that Sea Change Sussex officially stated to SELEP, the Independent Technical Evaluator and the Public in November 2015 that they could deliver the Queensway Gateway Road for £6m.

Sea Change and East Sussex CC stated outright in public grant documents this was possible due to [alternative engineering options](#), a redesign and large quantities of earth being available from other projects – [page 31](#).

As a result, SELEP declared to Central Government and the Public that the £9m reduction in the Queensway Gateway Road project funding was a SAVING and not slippage – [page 40](#), pages [63 & 69](#).

As a direct result of this stated claim about the Queensway Gateway Road SAVING, Sea Change also received an ADDITIONAL £9 million public money for their proposed North Bexhill Access Road project.

But by February 2018, Sea Change came back to SELEP stating the Queensway Gateway Road would now cost ANOTHER £6m to complete. I.E., a 100% increase in budget.

Sea Change stated they would contribute £2m of their own funds to complete the project if SELEP provided another £4m of public money, by taking funding away from other projects in East Sussex.

This was approved by SELEP.

And 4.5 years later, it is now reported that the £10m public money is all spent by Sea Change, the Queensway Gateway Road is still NOT complete with no clear completion timeframe, and SELEP has serious concerns that Sea Change is reporting that its £2m contribution to the project is 'temporary'.

Why is SELEP reporting only partial information to the Accountability Board and Public that conceals the true history of the Queensway Gateway Road funding?

And why is SELEP not transparently holding Sea Change and East Sussex CC to account for the possibly dishonest false statements they made in public grant documents that has led to this turn of events?

Response:

Every decision with regard to the Queensway Gateway Road Local Growth Fund funding allocation has been taken during a public meeting. An agenda pack is prepared and published for each SELEP Strategic Board and Accountability Board meeting and these packs are available to the public on the SELEP website, as are the minutes of the meetings.

The Accountability Board provides the accountability structure for decision-making and approval of funding within the overarching vision of the SELEP Strategic Board. As the Queensway Gateway Road project is flagged as being High Risk, there is a requirement for East Sussex County Council to provide an update on delivery of the project at each Accountability Board meeting.

Question 3 – Mark Jones

On [25 June 2014](#), [06 August 2014](#) and [04 September 2014](#) the East Sussex County Council 'Lead Member for Strategic Management and Economic Development' (Councillor Keith Glazier) approved unsecured, 'at risk' loans from East Sussex Council monies to SeaChange Sussex for £4 million, £2.6 million and £4.6 million respectively, in order for the regeneration company to complete its SELEP Growing Places Fund Projects.

The SELEP GPF Projects were in jeopardy as SeaChange Sussex did not have the ability to pay its third-party building contract liabilities.

In [paragraph 2.6](#) on 06 August 2014, East Sussex County Council reported that SeaChange Sussex itself had stated that it was not a 'going concern' without public front-funding, in advance of expenditure.

Despite this identified risk as to the financial viability of SeaChange Sussex as a government grant recipient, concurrently and thereafter the company was promoted by East Sussex County Council for six (6) more SELEP awards equating to more than £43.9 million in public LGF grant funding.

At no time when attending SELEP Boards has Councillor Glazier declared these 'at risk' East Sussex County Council loans made to SeaChange Sussex as a potential Conflict of Interest with East Sussex County Council discharging its devolved duties of SELEP Audit and Assurance, to ensure the full compliance of SeaChange Sussex with all SELEP public funding conditions and regulations.

East Sussex declarations of compliance were accepted by SELEP on trust and good faith without audit, in order for SELEP to approve the release of government monies to East Sussex County Council, thereby enabling East Sussex County Council to recoup the value of these 'at risk' loans.

Nor has Councillor Glazier recused himself from any SELEP funding decisions relating to SeaChange Sussex at any time, despite East Sussex County Council (as a major creditor to SeaChange Sussex) having a vested interest in future SELEP financial awards to the company, to ensure its ongoing solvency.

East Sussex County Council has now confirmed that it has not performed the prescribed local audits of SeaChange Sussex required under the SELEP Framework Agreement.

Instead, without the approval of SELEP, East Sussex County Council has substituted its own 'alternative monitoring arrangements' of SeaChange Sussex. These arrangements have not been assessed or approved by the SELEP Accountable Body Section 151 Officer as sufficient to meet CIPFA Principles or public financial rules.

The SELEP Accountability Board has received an Agenda Pack that sets out collectively, that under these 'alternative monitoring arrangements':

1. The Queensway Gateway Road Project is 6-years late. The full £10 million LGF public grant allocation has been spent.

This includes c.£1 million additional LGF public grant allocation approved by SELEP in February 2018 to facilitate the relocation of the car showroom, required to create the roundabout connection with the A21.

The SeaChange Sussex proposed alternative Signalised solution negates the need for the car showroom to relocate, but there is no accompanying proposal for SeaChange Sussex to return this proportion of the LGF public grant funding to SELEP.

2. The North Bexhill Access Road Project was declared as complete in April 2019, but only as a result of public challenge is now conceded as not complete.

The full £18.6 million LGF public grant allocation has been spent.

This includes an additional £2 million LGF public grant allocation approved by SELEP in February 2018 for extensive landscape planting works to ensure ecology and biodiversity protections.

The extensive landscape planting works have not been delivered. Natural England are investigating potential breaches to protected species licences.

3. The East Sussex Strategic Growth Project was reported as complete in March 2021, but only as a result of public challenge is now conceded as not complete.

The full £8.2 million LGF public grant allocation has been spent.

4. The Bexhill Enterprise Park North Project has been reported as complete in July 2022.

The full £1.94 million LGF public grant allocation has been spent.

The approved Business Case requires a substantial SeaChange Sussex Developer Contribution to deliver the evaluated Value for Money benefits and outcomes.

There are no current completion forecasts for any of these projects from SeaChange Sussex.

There is SELEP Accountable Body urgent concern about the availability of the SeaChange Sussex £2 million Developer Contribution or any additional funding required to complete the Queensway Gateway Road Project.

This serious concern must therefore be extended to the completion of the other three (3) incomplete but fully spent SELEP LGF Projects.

For its GPF Projects, SeaChange Sussex and East Sussex County Council also misreported to SELEP the 'potential number of workers' that could be accommodated by new office space as actual new jobs created.

IN THE PUBLIC INTEREST, considering the undeclared Conflicts of Interest and obvious failings of devolved due diligence, local audit and assurance duties within East Sussex, will the SELEP Accountability Board now invoke the provisions of the SELEP Framework Agreement and instruct an independent external audit of ALL SeaChange Sussex Projects?

Response:

A Deep Dive focussed on a number of the Sea Change Sussex Local Growth Fund projects is currently being undertaken by the Department for Levelling Up, Housing and Communities. In addition, SELEP intend to undertake an audit of projects which have received funding through the SELEP Capital Programme. This audit will extend across all SELEP capital funding streams and will involve all local partner authorities.

If the Deep Dive and/or the audit identify any areas of concern, the SELEP Accountability Board will be asked to agree the actions that should be taken to address the points raised.

Question 4 – East Sussex Energy Infrastructure and Development Limited (trading as Sea Change Sussex)

1. In regard to the Queensway Gateway Road - could the SELEP Accountability Board please advise where the funding of £5 million for a £15 million scheme has gone and why the scheme was not funded through to completion.

2. In regard to the Queensway Gateway Road – could the SELEP Accountability Board please advise what procedure is in place to correct material inaccuracies of reporting to SELEP on unsupported advice that the Queensway Gateway Road scheme had an “alternative design” and “new building costs” when no such new design and no such new costs existed within the knowledge freely shared by the scheme promoter, Sea Change Sussex with the federated body.
3. With regard to the Queensway Gateway Road - could the SELEP Accountability Board please advise what procedures are in place to ensure factually correct representations are made on behalf of Sea Change Sussex, the scheme promotor and that the scheme promotor is made fully aware of the Project Change Request (PCR) system and its implications for the Queensway Gateway Road project for which Sea Change Sussex is the scheme promotor.
4. In regard to the Queensway Gateway Road, can SELEP please advise why opportunities were missed to restore the £5 million balance of the £15 million funding to allow the scheme to be completed, when such funds remained available.

Response:

Question 1:

In March 2015, the SELEP Strategic Board agreed the award of £15m of Local Growth Fund funding to the Queensway Gateway Road project. Subsequently in November 2015, following an update from East Sussex County Council, the Accountability Board were advised that the Queensway Gateway Road project could be delivered for £6m, rather than £15m. The initial reallocation and re-profiling of funding was addressed at the Team East Sussex meeting held on 2 November 2015 and was then considered at the East Sussex County Council Lead Member meeting held on 3 November 2015, where the changes were agreed subject to approval from the SELEP Accountability Board. As a result, the Accountability Board papers for the meeting on 12 February 2016 made reference to the updated funding allocation of £6m for the Queensway Gateway Road project across the 2015/16 and 2016/17 financial years. As a consequence, £9m was removed from the Queensway Gateway Road project and reallocated to support the delivery of the North Bexhill Access Road project. This increased the Local Growth Fund allocation awarded to the North Bexhill Access Road project from £7.6m to £16.6m.

In February 2018, following receipt of a Project Change Request from East Sussex County Council, the Accountability Board agreed the reallocation of £4m of Local Growth Fund funding from the A22/A27 Junction Improvements project (£1m) and the Hastings and Bexhill Movement and Access Package (£3m) to the Queensway Gateway Road project, bringing the total Local Growth Fund allocation to £10m.

Combined Question 2 and 3 response:

There is a Service Level Agreement in place between Essex County Council (as Accountable Body for SELEP), South East LEP Limited and each Upper Tier Local Authority within the SELEP area. This agreement sets out the obligations of the Council, i.e. East Sussex County Council, with regard to the Reporting and Monitoring and Evaluation requirements for all projects and the management of Changes to Projects in the Local Growth Fund programme. The process for managing changes to projects is further explained in the SELEP Assurance Framework.

The Assurance Framework indicates that the project change should be agreed by the local delivery partners processes prior to submission to SELEP. This includes a review of the change request by finance officers and a Senior Responsible Officer within the Partner Authority (i.e. East Sussex County Council).

The Service Level Agreement places a responsibility on the Council to provide regular reports to the Accountable Body and SELEP Secretariat in the timescales and format specified by the SELEP Secretariat to enable quarterly reporting to the Accountability Board and Government. The Service Level Agreement requires that a back-to-back agreement is put in place between the Council and any third party delivery organisations. This back-to-back agreement must set out the relevant rights and obligations imposed on the Council under the Service Level Agreement.

Under the terms of the Service Level Agreement, East Sussex County Council is responsible for delivery of the Local Growth Fund projects in East Sussex and is required to comply with the terms of the agreement and the SELEP Assurance Framework.

There is an expectation that the contents of the reporting, including update reports for the Accountability Board, and any Project Change Requests submitted by the Council will have been considered by any third party delivery organisations prior to submission to SELEP.

Question 4:

Open calls for projects seeking Local Growth Fund funding were issued in 2016 and 2018. In both cases, the first stage of the process was undertaken by the four SELEP Federated Boards, including Team East Sussex, and involved local prioritisation of the funding applications received. Applications prioritised by Federated Boards progressed through the process and were ultimately considered by the SELEP Investment Panel or Strategic Board.

It is noted that an Expression of Interest in relation to the Queensway Gateway Road project was submitted in 2018, seeking further Local Growth Fund investment of £3m. This £3m was in part to replace the £2m Sea Change Sussex commitment to the overall £12m project budget, with an additional £1m to provide contingency to deliver the project for a total cost of £13m. The Expression of Interest was considered alongside all other applications for funding to support projects in East Sussex but was not prioritised sufficiently

highly by the Team East Sussex Board to progress to the SELEP managed stage of the process.

Councillor Jarrett drew the Board's attention to SELEP's public questions policy and in particular to the time restraints set out. This was noted by officers and will be taken into consideration when addressing any public questions at future meetings.

5 Getting Building Fund programme update

The Accountability Board (the Board) received a report from Helen Dyer, SELEP Capital Programme Manager, the purpose of which was for the Board consider the overall position of the Getting Building Fund (GBF) capital programme. The report included an update on those projects which have received approval for retention of GBF funding beyond March 2022 and provided an update on GBF spend to date, including confirmation of the 2021/22 year end position.

Simon Cook queried the requirement for the Laindon Place GBF funding to be returned to the Accountable Body for SELEP within 4 weeks of the Board meeting. It was confirmed that this was a standard requirement.

Resolved:

1. **To Note** the total spend on project delivery in 2021/22 of £50.666m GBF, as set out in Table 1 of the report.
2. **To Note** the current reported spend across the GBF programme for the 2022/23 financial year of £20.784m, as set out in Table 2 of the report.
3. **To Agree** the removal of the Laindon Place project from the GBF programme. The £790,000 GBF issued to Essex County Council should be returned to the Accountable Body for SELEP, within 4 weeks of this Board meeting for reallocation to alternative projects.
4. **To Note** that sufficient assurance has been provided by Southend-on-Sea City Council that the Better Queensway project will proceed as planned following the Regulator for Social Housing's decision to downgrade Swan Housing's viability and governance grades and Swan's proposed partnership with Orbit. Should the project not proceed as planned and in accordance with the approved Business Case, the GBF funding will need to be repaid by Southend-on-Sea City Council in accordance with the terms of the Service Level Agreement (SLA) in place between SELEP Ltd, Essex County Council (as Accountable Body for SELEP) and Southend-on-Sea City Council.
5. **To Note** the deliverability and risk assessment, as set out in Appendix C of the report.

6 GBF – Retention of funding beyond September 2022

The Board received a report from Helen Dyer, the purpose of which was for the Board to consider whether the eight projects outlined in the report could retain their Getting Building Fund (GBF) funding allocations beyond September 2022. Seven of the projects have previously been granted extensions to GBF spend beyond March 2022 to the end of September 2022. A request to retain GBF funding beyond March 2022 against the final project (Food Street) had not previously been considered by the Board.

Simon Cook asked for details regarding the procurement issues associated with the Swan Housing Modular Housing Factory project. Helen Dyer subsequently clarified that procurement had previously been undertaken but the suppliers had been unable to meet the required deadlines, and therefore the decision was taken to re-procure.

Simon Cook also queried whether the Swan Modular Housing Factory project would be impacted by the challenges facing Swan Housing and their potential partnership with Orbit. Helen Dyer confirmed that the Modular Housing Factory formed a key part of Swan Housing's plans moving forward and therefore it was not expected that the project would be adversely impacted. Councillor George indicated that Orbit have greater financial strength than Swan Housing and therefore Southend-on-Sea City Council are confident that the Better Queensway project will proceed.

In response to a point raised by Councillor Jarrett, Helen Dyer confirmed that the projects will be monitored, and an update provided at each Board meeting. It was confirmed that if any risks were identified which would likely take project delivery beyond March 2023, this would be subject to a decision by the Board.

The Board then proceeded to discuss the associated risks including reputational risks. The discussion included whether it was best to proceed with existing projects that are encountering delays and safeguard realisation of forecast benefits already reported to Government or whether to reallocate funding to new projects which could bring forward new benefits.

Helen Dyer advised that new projects are likely to encounter similar issues and therefore in general there may be less risk associated with the continuation of existing projects, as long as delivery of these projects is achievable and not subject to any showstopper risks.

Resolved:

In respect of: UTC Maritime and Sustainable Technology Hub, Tendring Bikes and Cycle Infrastructure, Swan Modular Housing Factory, Jaywick Market and Commercial Space, Romney Marsh Employment Hub, Better Queensway and No Use Empty South Essex

1. **To Agree** that the project meets the requirements previously agreed by the Board for all projects retaining their respective GBF funding allocations beyond 31 March 2022; and

2. **To Agree** that the GBF funding allocation can be retained against the

project for a further maximum period of 6 months (to 31 March 2023), subject to Strategic Board endorsement in October 2022.

In relation to the Food Street project:

1. **To Agree** that the project meets the requirements previously agreed by the Board for all projects retaining their respective GBF funding allocations beyond 31 March 2022; and
2. **To Agree** that the GBF funding allocation can be retained against the project for a maximum period of 12 months (to 31 March 2023) subject to Strategic Board endorsement in October 2022.

7 Local Growth Fund programme update

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

The Chair stressed the importance of reporting being received in a timely manner which was echoed by Simon Cook. Helen Dyer outlined the implications of delayed submission of quarterly reporting and post scheme completion evaluation reports, including the reputational risk if SELEP is unable to deliver in accordance with the forecast benefits outlined at the start of the LGF programme. It was also confirmed that the SELEP Secretariat are happy to support local partners with completion of the post scheme evaluation documents where possible.

Resolved:

1. **To Note** the total spend on project delivery in 2021/22 of £42.35m LGF excluding Department for Transport (DfT) retained schemes and £45.24m including DfT retained schemes, as set out in Table 1 of the report.
2. **To Agree** the updated total planned LGF spend on project delivery in 2022/23 of £24.368m excluding DfT retained schemes and increasing to £24.692m including DfT retained schemes, as set out in Table 3 and Appendix A of the report.
3. **To Agree** the reported LGF spend on project delivery in Q1 2022/23 of £4.767m, as set out in Table 2 and Appendix A of the report.
4. **To Note** the deliverability and risk assessment, as set out in Appendix D of the report.
5. **To Agree** the spend of LGF beyond 30 September 2021 and the revised completion date for the i3 Innovation Investment Loan Scheme (formerly referred to as Kent and Medway Growth Hub) project as set

out in Section 7 of the report, subject to Strategic Board endorsement in October 2022.

8 London Gateway/Stanford-le-Hope LGF project update

The Chair noted the late circulation of this report and sought confirmation from the Board that they were happy to discuss the item. Confirmation was provided by the Board and the report was discussed.

The Board received a report from Howard Davies, SELEP Capital Programme Officer, the purpose of which was for the Board to receive an update on the delivery of the London Gateway/Stanford le Hope Local Growth Fund (LGF) project (the Project), which has been identified as High risk.

The report also provided an update on the revised Business Case submitted in relation to the Project and sets out the outcome of the Independent Technical Evaluator (ITE) review.

Councillor Coxshall advised that there had recently been a major change in personnel working on the project and that Thurrock Council were now in a much better position to progress the project. Councillor Coxshall provided an update on delivery of the project and confirmed Thurrock Council's ongoing commitment to delivering Phase 2 of the project (the multi-modal interchange). He urged the Board to support Option 2, acknowledging the fact that the LGF funding will be automatically removed from the project if the stated conditions are not met.

Simon Cook asked for confirmation that Option 2 referred to the first Board meeting of 2023/24. This was confirmed by Helen Dyer who also advised that updates would be provided at each forthcoming Board meeting prior to the Business Case coming forward in 2023/24.

The Chair enquired as to the greatest risks to project delivery. Councillor Coxshall explained that there were two phases, the first of which involved contractor issues and Network Rail. He felt that the second phase would be less difficult to deliver.

It was noted that the wording of the recommendation set out at 1.1 below had been amended since publication of the Board report.

Resolved:

1.To Agree that, despite the submitted Business Case not providing the required assurances on deliverability and value for money, the £7.5m LGF funding can be retained against the Project, in accordance with Section V3.4 of the SELEP Assurance Framework, to:

- 1.1. To allow time for further work to be undertaken on the Business Case and to allow for a further review to be completed by the Independent Technical Evaluator.

- 1.2. Allow time for Thurrock Council to address and mitigate the risks to delivery of the Project outlined in this report; and
- 1.3. Allow time for Thurrock Council to develop their plans for Phase 2 of the Project enabling them to confirm that a full funding package is in place to deliver the full scope of the Project as set out in the Business Case

Noting that if these points are not adequately addressed in advance of the first Board meeting of 2023/24, the LGF funding will be removed from the Project and will need to be returned to Essex County Council (as Accountable Body for SELEP) within 4 weeks by Thurrock Council for reallocation to alternative projects.

2. **To Agree** that retention of the LGF funding against the Project is subject to Thurrock Council paying for all further work completed by the Independent Technical Evaluator in relation to the review of the Project and its' Business Case.

3. **To Note** the update on delivery of the Project as detailed in the report.

4. **To Note** that the required extension to the completion date for the Project will be brought forward for Board consideration once the programme for delivery of Phase 2 of the Project has been developed.

9 **Queensway Gateway Road LGF project update**

The Board received a report from Richard Dawson, Head of Service - Economic Development, Skills and Infrastructure, East Sussex County Council and Helen Dyer, the purpose of which was the Board to receive a further progress update on the delivery of the Queensway Gateway Road Local Growth Fund (LGF) project (the Project), which has been identified as High risk.

Richard Dawson read a corrective statement to the Board relating to the production of the last board paper in July 2022, in which it was indicated that staff absences in Sea Change Sussex (SCS) had hampered the production of the report. He advised that this was certainly a key factor but clarified that a letter was received a few weeks before the July Board meeting from SCS to East Sussex County Council. However, the contents of which were too late for consideration within the reporting and approval cycles agreed with SELEP for the purposes of that report. As such it was agreed that the items raised would be covered by the respective parties and responses have subsequently been made.

Richard Dawson provided an update on project delivery and identified risks to project delivery.

Helen Dyer advised the Board that there was a lack of detail on project cost and programme in the report. There is a requirement for the update to the November

Board meeting to provide programme and cost updates, alongside assurances that there is a full budget available to deliver the project.

Councillor Glazier expressed his frustrations regarding the delays and noted the Board's concerns, but also stressed the importance of the project.

The Chair requested that a close eye be kept on the project with a detailed update to be provided in November.

Councillor Wagland suggested that there should be a format which allows for more visual tracking of progress being made towards project delivery, with a particular consideration for those areas of work which have been identified as High risk. It was suggested that this template should be used for all High risk projects and should form part of the update provided at each Board meeting.

Resolved:

1. **To Note** the latest update position on the delivery of the Project.
2. **To Note** the identified risk in relation to the total project budget.
3. **To Agree** that the Board will be provided with a further update on the Project, which updates the project delivery plan and associated milestones and provides greater clarity on the total project budget, at its meeting on 25 November 2022.

10 LGF High Risk Project Update

The Chair noted the late circulation of this report and sought confirmation from the Board that they were happy to discuss the item. Confirmation was provided by the Board and the report was discussed.

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 Grays South.

Councillor Coxshall spoke in support of each of the projects giving a brief update and advising that in respect of Grays South that it was hoped that it would be possible to secure the required land, without the need for a Compulsory Purchase Order but that it had been progressed in case it is required.

Resolved:

A13 Widening

1. **To Note** the update on the project.
2. **To Note** that a further update will be brought to the November 2022 Board meeting which must provide confirmation of total spend to date and an updated forecast total project cost.

Grays South

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

2. **To Note** that a further update will be brought to the November 2022 Board meeting.

11 Growing Places Fund programme update

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

Councillor Glazier provided assurance that the required work to progress the Eastbourne Fisherman's Quayside and Infrastructure Development project revised repayment schedule is ongoing.

Resolved:

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

2. **To Note** that the expected revised repayment schedule proposal for the Eastbourne Fisherman's Quayside and Infrastructure Development project will now not be forthcoming until the November 2022 Accountability Board meeting as additional time is needed for East Sussex County Council to undertake all required due diligence on the proposed revised repayment mechanism and schedule.

12 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 update to the 2022/23 budget including specific grants.

The Chair offered her thanks to all staff for their work during incredibly uncertain times. The Chair also thanked the Accountable Body for all the support they are providing to SELEP.

The Chair asked the Board to do anything possible to encourage the Government to provide more clarity on the future funding of LEPs, acknowledging that there are an incredible number of items on which SELEP is required to report and the duty of care to the public to report very carefully on these issues.

Resolved:

1. **To Approve** the updated 2022/23 SELEP revenue forecast budget set out in Table 1 in report, including the specific funds summarised in Table 3 in the report.

2. **To Note** the on-going uncertainty from Government regarding the future funding position for SELEP beyond 2022/23.

13 **SELEP 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 included an update on the Annual Performance Review, risk management, compliance with the Assurance Framework and performance against governance KPIs.

Adam Bryan highlighted key issues from the report which included increased legal costs and financial challenges which he stressed were being carefully managed in conjunction with Lorna Norris. The recruitment process for a new SELEP Chair is underway as the current Chair finishes his final term at the end of February 2023.

Adam Bryan highlighted the requirement for SELEP Ltd. to achieve gender balance by January 2023 and indicated that this would be discussed at the October 2022 Strategic Board meeting.

He also touched upon the risks to well being within the team during the period of uncertainty and in light of ongoing workloads. He stressed that a positive working environment was being maintained despite such pressures.

He paid tribute to Helen Dyer, Lorna Norris and Amy Ferraro for their work to support the Accountability Board meetings.

The Chair proceeded to pay tribute to Adam and his team.

Resolved:

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

14 **Date of Next Meeting**

The Board noted that the next meeting will take place on Friday 25th November 2022, venue to be confirmed.

There being no further business, the meeting closed at 11.53 am.

15 **Urgent Business**

None

Report title: Getting Building Fund Capital Programme update	
Report to: Accountability Board	
Report author: Helen Dyer, SELEP Capital Programme Manager	
Meeting date: 25 November 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 2022/23 financial year of £21.213m, as set out in Table 1.
- 2.1.2. **Agree** the reported GBF spend on project delivery in Q1 and Q2 2022/23 of £6.197m, as set out in Table 1 and Appendix A.
- 2.1.3. **Note** the deliverability and risk assessment, as set out in Appendix C.

3. Summary Position

- 3.1. 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. In addition, in September 2022, the Board agreed the removal of the Laindon Place project from the GBF programme as it was unable to deliver in accordance with the Business Case within the required timeframe. This released a further £0.79m GBF for reallocation to alternative projects, bringing the total available for reallocation to £3.3175m.
- 3.2. As the Board are aware, following the removal of the Fast Track Business Solutions for the Hastings Manufacturing Sector project from the GBF programme and the subsequent reallocation of the funding to alternative projects, there was no pipeline remaining.
- 3.3. A new GBF prioritised project pipeline, with the exception of the Success Essex projects, was agreed by the Strategic Board on 21 October 2022 in accordance with the process

Getting Building Fund Capital Programme Update

agreed in August 2022. The inclusion of the Success Essex projects was agreed via Electronic Procedure on 10 November 2022.

- 3.4. At this meeting, the Board are asked to consider the award of the total £3.3175m GBF available to alternative projects, in accordance with the agreed pipeline. These funding decisions will be considered under Agenda Items 6 and 7.
- 3.5. Projects which were not prioritised for receipt of the available funding 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.
- 3.6. At the May 2022 meeting, the Board agreed the introduction of a number of requirements which need to be met by all projects spending GBF funding beyond March 2022, so as to ensure timely completion of the GBF programme and performance against these requirements will be reported to the Board on a regular basis.
- 3.7. 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. In July 2021, the Board agreed that GBF funding could be retained against projects beyond March 2022 for a maximum period of 6 months and a number of projects sought permission to retain their GBF funding to September 2022. Subsequently, the Board agreed that in exceptional circumstances projects could be granted a further extension on GBF spend. In accordance with the expectations of Central Government, the maximum extension available to any project in the GBF programme is to 31 March 2023.
- 4.2. To date, the Board have agreed that 3 projects can retain their GBF funding beyond March 2022 for a maximum period of 6 months and these projects are now reporting full spend of their GBF funding allocation. In addition, the Board have agreed that 10 projects can retain their GBF funding beyond March 2022 for a maximum period of 12 months. GBF spend against these projects continues to be monitored. Furthermore, in February 2022 the Board agree that the Techfort project could retain its' GBF funding beyond March 2022 for a maximum period of 9 months. This brings the total number of projects which have received approval for retention of their GBF funding allocation beyond March 2022 to 14.
- 4.3. Given that key considerations when establishing the new GBF project pipeline were deliverability and spend of the existing GBF funding allocation, 6 of the projects which are being considered for receipt of additional GBF funding at this meeting will require approval for retention of the funding to 31 March 2023. This will increase the total number of projects which have received approval for retention of their GBF funding allocation beyond March 2022 to 20.
- 4.4. Table 1 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 reallocation of the currently available £3.3175m in accordance with the decisions set out under Agenda Items 6 and 7.

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

GBF (£m)						
Local Authority	Actual spend 2020/21	Actual spend 2021/22	Actual spend 2022/23 To Date (Q2)	Forecast spend - Q3 and Q4 2022/23	GBF Total Allocation	% of GBF funding spent to date
East Sussex	1.656	2.437	0.200	1.715	6.008	71.5%
Essex	4.542	14.678	1.110	7.956	28.285	71.9%
Kent	6.201	27.179	2.793	2.366	38.539	93.9%
Medway	0.205	2.563	0.000	0.400	3.168	87.4%
Southend-on-Sea	0.000	1.858	1.463	2.079	5.400	61.5%
Thurrock	0.946	1.523	0.631	0.500	3.600	86.1%
Total	13.550	50.237	6.197	15.016	85.000	82.3%

- 4.5. Reported GBF spend in Q1 and Q2 2022/23 (April to September 2022) has been significantly lower than forecast. At the outset of the financial year, spend of £15.846m was forecast but spend reported during Q1 and Q2 2022/23 only totals £6.197m. This reduction in spend compared to the forecast is reflective of the number of projects which have sought approval for retention of their GBF funding allocation to 31 March 2023. Delivery of these projects has continued to be delayed due to the impacts of the COVID-19 pandemic and Brexit, however, all projects remain on track to complete their GBF spend by 31 March 2023 in accordance with Government expectations.
- 4.6. To date, 23 of the 40 projects included in the GBF programme have fully spent their GBF funding allocation. The number of projects which have completed their GBF spend has reduced since the last meeting as a consequence of the award of additional funding to existing projects which had previously reported full spend of their GBF funding allocation.
- 4.7. 16 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 31 March 2023 at the latest.
- 5.2. To date, the Board have approved the retention of GBF funding beyond March 2022 against 14 projects and updates on all of these projects are provided in Appendix D. A more comprehensive update on the Better Queensway and Swan Modular Housing Factory projects are provided under Agenda Items 8 and 9 respectively. Projects which are being considered for award of additional GBF funding to support project delivery at this meeting are not included in Appendix D. If the Board agree the award of funding to these projects at this meeting, an update on delivery will be provided at the March 2023 meeting.

- 5.3. The projects which are reporting GBF spend beyond March 2022 are all progressing. It is understood that all projects are still expected to be able to deliver in accordance with their agreed Business Case, but that additional time has been required and value engineering may need to be employed to enable this.
- 5.4. As the Board are aware there is a clear expectation from Central Government that the full GBF funding allocation should be spent supporting project delivery by 31 March 2023. All projects are currently reporting that full GBF spend will be achieved by 31 March 2023 but this will continue to be monitored over the coming months. Failure to meet the Government deadline for spend of GBF funding would represent a significant reputational risk for both SELEP and the Upper Tier Local Authority responsible for project delivery and may adversely impact on any funding applications submitted directly to Government by impacted local partners for future funding streams.

6. Deliverability and Risk

- 6.1. Appendix C sets out a delivery update and risk assessment for all projects included in the GBF programme. This provides a detailed breakdown of the delivery progress for each project, relative to the expected completion dates, as set out in the original Business Cases.
- 6.2. The summary project risk assessment position is set out in Table 2 below. A score of 5 represents high risk (red) whereas a score of 1 represents low risk (green).
- 6.3. The risk assessment has been conducted for GBF projects based on:
- 6.3.1. **Delivery** – considers project delays and any delays to the delivery of the project outputs/outcomes. SELEP has considered the delay between the original expected project completion date (as stated in the project Business Case) and the updated forecast project completion date.
 - 6.3.2. To ensure consistency with Government guidance on the assessment of GBF project deliverability risk, all projects with a greater than 3 month delay are shown as having a risk of greater than 4 (Amber/Red), unless the project has now been delivered and there is no substantial impact on the expected project outcomes delivery.
 - 6.3.3. **Finances** – considers changes to project spend profiles, project budget, certainty of match funding contributions and the amount of GBF funding which remains unspent at the end of Q2 2022/23.
 - 6.3.4. **Reputation** – considers the reputational risk for the delivery partner, relevant Upper Tier Local Authority and SELEP Ltd.

Table 2: Summary of GBF project risk

Risk Score	Number of projects	GBF allocation to projects (£m)	GBF spend forecast in 2022/23 (Q3 onwards)
Low Risk - 1	16	32.645	0.000
Low/Medium Risk - 2	7	10.794	0.000
Medium Risk - 3	8	20.242	1.355
Medium/High Risk - 4	6	9.272	7.456
High Risk - 5	2	8.730	2.887
Total	39	81.683	11.698

6.4. In total £8.73m GBF is allocated to High risk projects, with £2.887m of this funding unspent at the end of Q2 2022/23. The available GBF funding which is due to be considered for award to projects at this meeting has been included within Appendix C but a risk assessment has not been applied to this funding and as a result the GBF funding allocation in Table 2 does not add up to £85m.

6.5. A number of projects are considered to present a High financial risk due to the profiling of the GBF funding. Projects which are forecasting a high proportion of GBF spend in Q3 and Q4 2022/23 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 2 High Risk projects identified in Table 2. These projects will be monitored closely, and the Board will be updated if, due to deliverability concerns, the overall project RAG rating increases.

6.6. The 2 High Risk projects identified in Table 2 are:

6.6.1. Swan Modular Housing Factory

6.6.2. Better Queensway

6.7. Both of these projects are currently considered to be High Risk due to the involvement of Swan Housing in their delivery. As the Board are aware from previous updates, the Regulator for Social Housing took the decision in late 2021 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.

6.8. Swan Housing have previously announced a planned partnership with Orbit, which was expected to complete in late 2022. At the last meeting, the Board were advised that this partnership was expected to come in early October 2022. However, Orbit took the decision at the end of September 2022 to withdraw from talks with Swan Housing following a lengthy due diligence process. Swan Housing have now announced that they are in discussions with Sanctuary about a possible merger. If the merger with Sanctuary goes ahead it is expected to complete at the end of November 2022.

- 6.9. There remains significant uncertainty regarding the future of Swan Housing and the ongoing deliverability of the Swan Modular Housing Factory and the Better Queensway projects. There also remains a concern that the forecast benefits may not be realised. A more comprehensive update on these projects is provided under Agenda Items 9 and 8 respectively.

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 will help to partially mitigate this risk. Other mitigation measures currently being employed include:
- 7.1.1. value engineering in an attempt to reduce the total project cost but this approach risks adversely impacting on the outputs or outcomes offered by the project;
 - 7.1.2. purchase of all materials at the outset of the construction programme in order to offset the risk of further cost increases; and
 - 7.1.3. identifying alternative suppliers or alternative solutions so as to mitigate both cost increases and extended lead in periods.
- 7.2. In addition, the economic impacts of the COVID-19 pandemic present a significant risk to the delivery of the benefits expected through the GBF investment. It is anticipated that the benefits realised through the GBF funding will be realised at a slower rate than expected, with some projects potentially reporting reduced benefits. This risk will be closely monitored as the programme reaches a conclusion.
- 7.3. There is also 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 Government and this funding was transferred in full to Partner authorities to support delivery of the Projects by the end of 2021/22. £3.3175m of this funding has been subsequently returned to Essex County Council following decisions by the Board to cancel the two GBF Projects; this funding will be reallocated in accordance with the decisions of the Board under agenda items 6 and 7.

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- 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. All GBF is transferred to the Partner Authorities, under the terms of a Funding Agreement or SLA which makes clear that funding can only be used for the purposes of delivery of the agreed project, unless agreed prior to the change, by the Accountability Board.
- 8.4. With the GBF allocated to 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.
- 8.5. Further, this gives the Board oversight of potential risks which may impact delivery of GBF projects along with proposed mitigations; this is of particular importance due to the current uncertain economic climate and increasing inflation, together with ongoing impacts experienced following the Covid-19 pandemic and Brexit.
- 8.6. To support this monitoring, the SLAs set out the requirement for Partner Authorities to provide regular update reports to SELEP and the Accountable Body in the timescales and format specified by the SELEP Secretariat, to inform the updates to the Board and Government.
- 8.7. 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.
- 8.8. Should the funding not be utilised in accordance with the conditions, Government may request return of the funding.
- 8.9. 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 was defrayed by 31 March 2022.
- 8.10. The latest forecast (table 2) indicates that £21.213m 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.

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 full 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.
 - 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 (on behalf of Nicole Wood, S151 Officer, Essex County Council)	16/11/2022

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 Actual	Q2 2022/23 Actual	Q3 2022/23 Forecast	Q4 2022/23 Forecast	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
	The Observer Building, Hastings (pending approval)	315,000									100,000	215,000	315,000	315,000
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
		6,007,835	1,655,558	471,841	853,756	419,314	692,366	2,437,277		200,000	1,500,000	215,000	1,915,000	6,007,835
Essex														
GBF005	Acceleration of full-fibre broadband deployment in very rural or very hard-to reach premises	680,000									680,000		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									1,225,093	594,907	1,820,000	1,820,000
	Extension of the full-fibre broadband rollout in Essex to reach rural and hard to reach premises (pending approval)	359,074										359,074	359,074	359,074
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	243,636		503,860	1,224,504		1,728,364	1,972,000
	Jaywick Market & Commercial Space (pending approval)	300,879									150,440	150,440	300,879	300,879
GBF017	Labworth Car Park, Canvey Island modernisation	700,000	326,888	371,297	1,815			373,112						700,000
GBF018	Modus	1,960,000	1,960,000											1,960,000
GBF019	Nexus	1,600,000				299,798	1,300,202	1,600,000						1,600,000
GBF020	Remodelling of buildings at Harlow College to provide new 'T'-levels	1,500,000	24,328	31,470		942,256	501,946	1,475,672						1,500,000
GBF021	Rocheway	713,000	218,498		494,502			494,502						713,000
GBF022	Swan modular housing factory	4,530,000	1,044,405		504,811	273,177	643,217	1,421,205		606,091	1,458,299		2,064,390	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
	Tindal Square, Chelmsford (pending approval)	331,819									165,910	165,910	331,819	331,819
GBF041	Princess Alexandra Hospital Training and Education Facility	500,000						500,000						500,000
GBF042	Braintree Active Travel	291,000						291,000						291,000
		28,284,772	4,541,541	402,767	2,550,147	3,238,765	8,485,913	14,677,592		1,109,951	6,685,358	1,270,330	9,065,639	28,284,772
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
	Javelin Way Development (pending approval)	235,728									235,728		235,728	235,728
GBF026	Romney Marsh Employment Hub	3,536,466				968,995	1,816,775	2,785,770	133,580	370,899	246,217		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
	Thanet Parkway Railway Station (pending approval)	875,000										875,000	875,000	875,000
GBF028	First and Second Floors, Building 500, Discovery Park, Sandwich	2,500,000				211,398		211,398	380,799	1,907,803			2,288,602	2,500,000

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 Actual	Q2 2022/23 Actual	Q3 2022/23 Forecast	Q4 2022/23 Forecast	2022/23 Forecast	Total Actual + Forecast
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									1,009,000		1,009,000	1,009,000
		38,539,070	6,201,248	6,177,294	4,356,025	5,480,915	11,164,563	27,178,796	514,379	2,278,702	1,490,945	875,000	5,159,026	38,539,070
	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
	Innovation Park Medway - Sustainable City of Business (pending approval)	400,000										400,000	400,000	400,000
		3,168,323	205,157	147,999	156,512	564,867	1,693,788	2,563,166				400,000	400,000	3,168,323
	Southend													
GBF031	Better Queensway	4,200,000					1,857,671	1,857,671	556,671	356,671	600,000	828,987	2,342,329	4,200,000
GBF032	South Essex No Use Empty	1,200,000								550,000	325,000	325,000	1,200,000	1,200,000
		5,400,000					1,857,671	1,857,671	556,671	906,671	925,000	1,153,987	3,542,329	5,400,000
	Thurrock													
GBF008	LFFN	2,500,000	946,218	501,191	330,000	91,666		922,857	498,509	132,416			630,925	2,500,000
	Extension of LFFN project (pending approval)	500,000										500,000	500,000	500,000
GBF034	Transport and Logistics Institute	600,000		469,500	130,500			600,000						600,000
		3,600,000	946,218	970,691	460,500	91,666		1,522,857	498,509	132,416		500,000	1,130,925	3,600,000
	Total	85,000,000	13,549,722	8,170,591	8,376,940	9,795,527	23,894,301	50,237,359	1,569,559	4,627,740	10,601,303	4,414,317	21,212,919	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.	5	5	25	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. Early engagement with contractors and the supply chain is advised.
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	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.
Extended delivery programmes	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. In addition, extended response times from utility providers and other statutory organisations have been reported which are impacting on project delivery. Labour supply issues have also been reported due to the number of projects which were delayed due to the COVID-19 pandemic.	4	5	20	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. 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.
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	2	8	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 (Aug-2022)	Expected completion date (Oct-2022)	Months delay (since Business Case)	Months delay (since last update)	GBF Allocation (£)	Actual spend to 2021/22 (£)	Actual spend 2022/23 to Q2 (£)	Remaining 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	Mar-23	Mar-23	10		1,600,000	1,600,000			1	4	2	2
The Observer Building, Hastings (Phase 2) Option A	Oct-20	In Construction	Complete	Dec-22	Dec-22	Dec-22			1,713,000	1,713,000			2	2	2	2
The Observer Building, Hastings - additional funding	Pending Approval								315,000		315,000					
Charleston's access road: removing the barrier to growth	Nov-20 and Jul-21	Completed	Complete	Mar-21	May-22	May-22	13		329,835	329,835			1	1	1	1
Creative Hub, 4 Fisher Street, Lewes	Nov-20	Completed	Complete	Apr-21	Sep-21	Sep-21	5		250,000	250,000			1	1	1	1
Sussex Innovation Falmer - Covid Secure adaptations	Nov-20	Completed	Complete	Mar-21	Jul-22	Jul-22	16		200,000	200,000			1	1	1	1
UTC Maritime & Sustainable Technology Hub	Nov-20	In Construction	Ongoing	Mar-22	Mar-23	Mar-23	12		1,300,000		1,300,000		5	4	2	4
Food Street, Eastbourne	Feb-22	Completed	Ongoing	Mar-22	Sep-22	Sep-22	5		100,000		100,000		5	1	2	3
Seven Sisters Country Park Visitor Infrastructure Uplift	Feb-22	In Construction	Complete	Sep-22	Jan-23	Jan-23	4		200,000		200,000		1	4	2	2
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	5	2	4
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	2	4
Extension of the full-fibre broadband rollout in Essex to reach rural and hard to reach premises - additional funding	Pending Approval								359,074		359,074					
Enterprise Centre for Horizon 120 Business Park	Nov-20	Completed	Complete	Jun-22	Jul-22	Jul-22	1		7,000,000	7,000,000			1	1	1	1
Harlow Library	Nov-20	Completed	Complete	Oct-21	Jun-22	Jun-22	7		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	503,860	1,224,504	5	4	4	4
Jaywick Market & Commercial Space - additional funding	Pending Approval								300,879		300,879					
Labworth Car Park, Canvey Island modernisation	Nov-20	Completed	Complete	Jun-21	Aug-21	Aug-21	2		700,000	700,000			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	1,500,000			1	1	1	1
Rocheway Independent Living	Nov-20	In Construction	Complete	Dec-22	Dec-22	Dec-22			713,000	713,000			1	1	2	1
Swan modular housing factory	Nov-20	In Construction	Ongoing	Mar-24	Mar-24	Mar-24			4,530,000	2,465,610	606,091	1,458,299	5	5	5	5
Tendring Bikes & Cycle Infrastructure	Nov-20	In Construction	Ongoing	Mar-22	Dec-22	Dec-22	9		2,300,000	518,887		1,781,113	5	4	3	4
Tindal Square, Chelmsford	Nov-20	In Construction	Complete	Mar-22	Nov-22	Jan-23	9	2	750,000	750,000			2	4	4	3
Tindal Square, Chelmsford - additional funding	Pending Approval								331,819		331,819					
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 Construction	Complete	Sep-22	Sep-22	Dec-22	2		291,000	291,000			3	2	2	2

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 (Aug-2022)	Expected completion date (Oct-2022)	Months delay (since Business Case)	Months delay (since last update)	GBF Allocation (£)	Actual spend to 2021/22 (£)	Actual spend 2022/23 to Q2 (£)	Remaining spend 2022/23 (£)				Financials RAG rating
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	Dec-22	Dec-22	10		578,724	578,724			2	4	3	3
Javelin Way Development - additional funding	Pending Approval								235,728		235,728					
Romney Marsh Employment Hub	Nov-20	In Construction	Ongoing	Feb-22	Jan-23	Mar-23	12	2	3,536,466	2,785,770	504,479	246,217	2	4	3	3
Thanet Parkway Railway Station	Nov-20	In Construction	Complete	Dec-22	May-23	May-23	5		11,999,000	11,999,000			2	4	4	3
Thanet Parkway Railway Station - additional funding	Pending Approval								875,000		875,000					
First and Second Floors, Building 500, Discovery Park, Sandwich	Nov-20	In Construction	Complete	Jul-21	Oct-22	Nov-22	16	1	2,500,000	211,398	2,288,602		1	4	1	2
New Performing & Production Digital Arts Facility @ North Kent College	Nov-20	Completed	Complete	Feb-22	Apr-22	Apr-22	2		12,301,796	12,301,796			1	1	1	1
The Meeting Place Swanley	Nov-20	In Construction	Complete	May-22	Nov-22	Nov-22	5		1,490,000	1,490,000			2	4	2	3
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 Construction	Ongoing	Sep-22	Dec-22	Dec-22	3		1,009,000			1,009,000	5	3	2	3
Medway																
Britton Farm Redevelopment Learning, Skills & Employment Hub	Sep-20	In Construction	Complete	Feb-23	Feb-23	Feb-23			1,990,000	1,990,000			2	1	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			2	4	3	3
Innovation Park Medway - Sustainable City of Business - additional funding	Pending Approval								400,000		400,000					
Southend																
Better Queensway	Nov-20	In Construction	Ongoing	Mar-34	Mar-34	Mar-34			4,200,000	1,857,671	913,342	1,428,987	5	5	5	5
South Essex No Use Empty	Nov-20	In progress	Ongoing	Mar-22	Mar-23	Mar-23	11		1,200,000		550,000	650,000	5	4	2	4
Thurrock																
LFFN - Phase 2	Oct-20	In progress	Complete	Feb-22	Nov-22	Nov-22	8		2,500,000	1,869,075	630,925		1	4	1	2
LFFN Phase 3 - new project	Pending Approval								500,000		500,000					
Transport and Logistics Institute	Nov-20	Completed	Complete	Aug-21	Dec-21	Dec-21	4		600,000	600,000			1	1	1	1
TOTAL									85,000,000	63,787,081	6,197,299	15,015,620				

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

UTC Maritime and Sustainable Technology Hub
Extension granted: 12 months
GBF allocation: £1,300,000
% of GBF funding spent to end of Q2 2022/23: 0%
Responsible Upper Tier Local Authority: East Sussex County Council
Brief project description
The project seeks to convert the former UTC@harbourside building into a multi-purpose facility including public services, education and training, and commercial workspace for SME's. The focus of the facility will be on the marine and sustainable technology sector.
Reasons why extension was sought
Delivery of the project has been delayed due to complex land ownership matters which have taken significantly longer than anticipated to resolve.
Update on project delivery
A contractor has been appointed to deliver the initial GBF funded works, and work is due to continue onsite during Q3 2022/23.
It is expected that the project will be completed by March 2023 at the latest.

Seven Sisters Country Park Visitor Infrastructure Uplift
Extension granted: 6 months
GBF allocation: £200,000
% of GBF funding spent to end of Q2 2022/23: 100%
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, and work commenced onsite on 4 July 2022. It is expected that the project will be completed by January 2023 at the latest. An application for additional GBF funding was submitted but the project was not prioritised by the Strategic Board for receipt of the available GBF funding. The project remains on the pipeline and will be considered for award of additional GBF should any further funding be returned to SELEP.

Food Street, Eastbourne
Extension granted: 12 months
GBF allocation: £100,000
% of GBF funding spent to end of Q2 2022/23: 0%
Responsible Upper Tier Local Authority: East Sussex County Council
Brief project description
Food Street is an aspiration to develop a vibrant, independent food and drink-based economy at the seafront end of Terminus Road, Eastbourne. The project will bring 5 commercial units back into use as part of an enhanced commercial offer in Eastbourne Town Centre.
Reasons why extension was sought
GBF funding was not awarded to support delivery of the project until February 2022. At that time, it was expected that the GBF funding would be spent in full by 31 March 2022, however, due to a delay in completing the required back-to-back agreement between East Sussex County Council and Eastbourne Borough Council, GBF spend extended into 2022/23.
Update on project delivery
The works to bring the commercial units back into use were completed in July 2022.
The GBF funding will be transferred to Eastbourne Borough Council by East Sussex County Council during Q3 2022/23.

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 end of Q2 2022/23: 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 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 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

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.

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 end of Q2 2022/23: 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 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 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 March 2023.</p> <p>A request for additional GBF funding to support delivery of the project has been submitted. The project has been prioritised for receipt of additional funding and the award of the funding will be considered under Agenda Item 6 at this meeting.</p>

Jaywick Market and Commercial Space
Extension granted: 12 months
GBF allocation: £1,972,000
% of GBF funding spent to end of Q2 2022/23: 37.9%
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 May 2022 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. Delivery of the project has been delayed as a result of the discovery of unexpected ground obstructions and contamination. However, this issue has now been resolved and project completion is expected by March 2023.</p> <p>A request for additional GBF funding to support delivery of the project has been submitted. The project has been prioritised for receipt of additional funding and the award of the funding will be considered under Agenda Item 6 at this meeting.</p>

Swan Modular Housing Factory
Extension granted: 12 months
GBF allocation: £4,530,000
% of GBF funding spent to end of Q2 2022/23: 67.8%
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 March 2023. 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. There remain concerns regarding the delivery of the full scope of works as set out in the Business Case and the realisation of the forecast project benefits due to the ongoing uncertainty regarding the future of Swan Housing (the delivery partner). An update on the project is provided under Agenda Item 9 at this meeting.

Tendring Bikes and Cycle Infrastructure
Extension granted: 12 months
GBF allocation: £2,300,000
% of GBF funding spent to end of Q2 2022/23: 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> <p>An application for additional GBF funding was submitted but the project was not prioritised by the Strategic Board for receipt of the available GBF funding. The project remains on the pipeline and will be considered for award of additional GBF should any further funding be returned to SELEP.</p>

Romney Marsh Employment Hub
Extension granted: 12 months
GBF allocation: £3,536,466
% of GBF funding spent to end of Q2 2022/23: 93.0%
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 following further delays caused by extended response times from utility companies. The primary remaining element of the project is the installation of the electrical substation switch gear. This has been subject to a longer lead in time than expected and is not due to be received until January 2023.
Project completion is expected in January 2023.

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 end of Q2 2022/23: 100%
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, installation of vinyl flooring and installation of electrical distribution boards.
The final elements of the project are expected to complete in November 2022.

Techfort
Extension granted: Up to 9 months
GBF allocation: £1,009,000
% of GBF funding spent to end of Q2 2022/23: 0%
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
<p>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.</p>
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>Construction has commenced onsite and it is expected that the project will complete in December 2022.</p> <p>An application for additional GBF funding to support the next phase of the project was received. However, the project was not prioritised for receipt of the GBF funding which is currently available. The project will remain on the pipeline and will be considered for award of additional funding should further GBF be returned to SELEP.</p>

Better Queensway
Extension granted: 12 months
GBF allocation: £4,200,000
% of GBF funding spent to end of Q2 2022/23: 66.0%
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 2033. The GBF funding has been used to support the early acquisition of properties on the estate and the development of the detailed design for the highway improvement works. The remaining GBF funding is due to be spent supporting further acquisitions, demolition of a footbridge and diversion of a gas main.</p> <p>As outlined at previous Board meetings, the Regulator of Social Housing took the decision to downgrade Swan Housing Association's viability and governance grades. As a result of this decision, Swan Housing do not currently meet the Regulator's governance and viability standards and steps need to be taken to improve work in these areas.</p>

Since the last Board meeting, it has been confirmed that the planned merger between Swan Housing and Orbit did not go ahead. Swan Housing are now in discussions with Sanctuary Housing Association regarding a possible business arrangement. If the proposed merger with Sanctuary goes ahead, it is expected to complete at the end of November 2022.

Assurances were previously sought by the Board with regard to the ongoing delivery of the wider project in light of the uncertain future of Swan Housing and the proposed merger with Orbit. These assurances were provided at the last Board meeting, however, due to the merger with Orbit not proceeding as planned, further assurances are now required. A full update on the project is provided under Agenda Item 8.

No Use Empty South Essex
Extension granted: 12 months
GBF allocation: £1,200,000
% of GBF funding spent to end of Q2 2022/23: 45.8%
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 City 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 £550,000, are currently being determined.</p> <p>The timeline for processing and approving the applications has been longer than anticipated, with an approximate 18 week turnaround and some applications have been withdrawn due to the current economic climate. However, since the last Board meeting, there has been increased interest in the initiative and it is now expected that the GBF funding will be issued in full prior to the end of March 2023.</p>

ASELA LFFN
Extension granted: 6 months
GBF allocation: £2,500,000
% of GBF funding spent to end of Q2 2022/23: 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
<p>Delivery of the project continues with the remaining sites due to be completed by December 2022.</p> <p>It was expected that the works would be completed in September 2022, but completion has been delayed due to the need for the blocked ducts to be resolved and appropriate traffic management approvals/measures to be put in place.</p> <p>An application for additional GBF funding to support the next phase of the project has been submitted. The project has been prioritised for receipt of the GBF funding which is currently available, and the award of the funding will be considered under Agenda Item 7 at this meeting.</p>

Report title: Getting Building Fund funding decisions	
Report to: Accountability Board	
Report author: Howard Davies, SELEP Capital Programme Officer	
Meeting date: 25 November 2022	For: Decision
Enquiries to: howard.davies@southeastlep.com	
SELEP Partner Authority affected: Essex	

1. Purpose of report

- 1.1. The purpose of this report is for the Accountability Board (the Board) to consider the award of £659,953 Getting Building Fund (GBF) to two projects in accordance with the new GBF prioritised project pipeline.
- 1.2. Both projects detailed in this report are seeking additional GBF funding to help mitigate the impact of cost increases experienced as a result of the COVID-19 pandemic, Brexit or current high inflation levels and to support delivery of the approved Business Case.
- 1.3. The Board has previously agreed that the two projects being considered in this report can retain their GBF funding allocations beyond March 2022 for a maximum period of 12 months, to 31 March 2023.

2. Recommendations

- 2.1. The Board is asked to:
 - 2.1.1. **Agree** the award of an additional £359,074 GBF to Essex County Council for the Extension of full-fibre broadband rollout in Essex to reach rural and hard to reach premises project, subject to Government approval of the increase in GBF funding allocation.
 - 2.1.2. **Agree** the award of an additional £300,879 GBF to Essex County Council for the Jaywick Market and Commercial Space project, subject to Government approval of the increase in GBF funding allocation.

3. Background

- 3.1. 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. In addition, in September 2022, the Board agreed the removal of the Laindon Place project from the GBF programme as it was unable to deliver in accordance with the Business Case within the required timeframe. This released a further

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£0.79m GBF for reallocation to alternative projects, bringing the total available for reallocation to £3.3175m.

- 3.2. As the Board are aware, following the removal of the Fast Track Business Solutions for the Hastings Manufacturing Sector project from the GBF programme and the subsequent reallocation of the funding to alternative projects, there was no pipeline remaining.
- 3.3. A new GBF prioritised project pipeline, with the exception of the Success Essex projects, was agreed by the Strategic Board on 21 October 2022 in accordance with the process agreed in August 2022. The inclusion of the Success Essex projects was agreed via Electronic Procedure on 10 November 2022.
- 3.4. In accordance with current Government expectations, the ability of each project to spend additional GBF funding awarded by 31 March 2023 was a key consideration when establishing the new GBF prioritised project pipeline. If the Board agree the award of funding to the projects outlined in this report, delivery of the projects will be closely monitored and any risks with regard to spend of the GBF by the end of 2022/23 will be presented to the Board at the next meeting.
- 3.5. At this meeting, the Board are asked to consider the award of the total £3.3175m GBF available to alternative projects, in accordance with the agreed pipeline. This report considers the award of £659,953 of the GBF funding, with the award of the remaining balance considered under Agenda Item 7.
- 3.6. The recommendation of award of additional GBF funding to any of the projects outlined in this report is contingent upon receipt of Government approval for the increase in GBF funding allocation. Due to the contingent nature of the recommendations, if Government approval is not forthcoming, the additional funding will not be awarded to the project(s) with no further Board decision required. The GBF funding will be released for reallocation to alternative projects and these funding decisions will be taken at a future Board meeting.
- 3.7. Change Requests detailing the additional GBF funding sought, any associated changes to the funding package for each project and any expected changes to project benefits have been submitted to Government for all projects set out in this report. A verbal update on the status of these Change Requests will be provided during the meeting. If Government approval is granted in advance of the Board meeting, the recommendations will be updated accordingly.

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

Project information

- 4.1. 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.
- 4.2. The GBF funding was awarded to extend the Superfast Essex rollout programme to reach additional rural areas, with a focus on upgrading business premises.

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- 4.3. The Board approved the award of £1.82m GBF to support delivery of the Extension of the full-fibre broadband rollout in Essex to reach rural and hard to reach premises project in October 2020. The most recent quarterly reporting from Essex County Council indicates that none of this funding allocation has been drawn down to date, although it has been confirmed that expenditure has been incurred. It has been confirmed that the full GBF allocation has been contractually committed to deliver the project.
- 4.4. In November 2021, the Board agreed that, as an exception, the GBF funding allocation could be retained against the project beyond March 2022 for a maximum period of 12 months, to 31 March 2023. This exception was granted on the basis that the delay to project delivery was entirely as a result of the actions of a Government department (Broadband Delivery UK), rather than due to a delivery issue.
- 4.5. An additional £477,256 GBF funding was sought by Essex County Council to support delivery of the approved Business Case. However, following conversations at the Success Essex Board meeting on 31 October 2022, it was agreed to reduce the GBF funding ask to ensure that the three Success Essex projects identified as priorities could all receive additional GBF funding to support delivery. As a result of this decision, and subsequent approval by the Strategic Board, the Extension of the full-fibre broadband rollout in Essex to reach rural and hard to reach premises project is currently seeking additional GBF investment of £359,074. Essex County Council have committed to bridging the resultant funding gap to ensure that the project can be delivered in accordance with the agreed Business Case.
- 4.6. The updated funding package for the project is set out in Table 1 below.

Table 1: Updated funding package for the Extension of the full-fibre broadband rollout in Essex to reach rural and hard to reach premises project

Funding Source	Original Funding Package £m	Updated Funding Package £m
Getting Building Fund	1.820	2.179
Supplier Contribution	0.600	0.600
Essex County Council	0	0.118
Total	2.420	2.897

- 4.7. An overview of the benefits expected to be realised as a result of the GBF investment is provided in Table 2 below.

Table 2: Overview of the Extension of the full-fibre broadband rollout in Essex to reach rural and hard to reach premises project

Existing GBF funding allocation: £1.820m	Total project cost as per approved Business Case: £2.420m
Additional GBF funding sought: £359,074	Total project cost as per application for additional GBF funding: £2.897m
<p>Key project benefits as stated in the Business Case:</p> <ul style="list-style-type: none"> • Reducing economic disadvantage through improving internet connectivity. • Investment in rural superfast broadband connectivity will drive the more widespread commercial deployment of ultrafast broadband. • The extension of the superfast fibre broadband infrastructure will underpin the future rollout of improved mobile communications technology as the fibre network being installed will be available for use by 5G networks. • Creation of 300 jobs and safeguarding of 1,500 jobs. • Assisting 300 businesses and up to 3,000 learners • Delivery of 1,500 new superfast/ultrafast broadband connections 	

- 4.8. Essex County Council have confirmed that the forecast project benefits remain unchanged from the original Business Case submission.
- 4.9. Delivery of the project, and spend of the original GBF funding allocation, is ongoing. Essex County Council have advised that work is expected to complete in January 2023 and have provided a commitment that the GBF funding will be spent in full by 31 March 2023.
- 4.10. Further information on the project can be found at Appendix A.

Reason for seeking additional GBF

- 4.11. Planning activities for the 1,500 premises supported by the GBF funding have now been completed. This involved carrying out full, intrusive surveys on all rural developments to fully assess the quality of existing infrastructure and to validate the deployment plans and costings. These surveys allow the supplier to know exactly what is required for the build and if there are any issues with the network, where repairs are needed.
- 4.12. The supplier has concluded that the survey results show that a significant number of rural deployments will cost more than expected due to the impacts of the COVID-19 pandemic, Brexit and current high inflation levels. 17.6% of the premises funded by the GBF funding will exceed the contractual cost cap.
- 4.13. The supplier has submitted cost breakdowns per premises explaining the rationale for the cost increase and requesting further funding to bridge the funding gap. Additional GBF funding has been sought to bridge this funding gap and to ensure that the full scope of the project as detailed in the approved Business Case can be delivered.
- 4.14. Whilst awaiting the outcome of the application for additional GBF funding, all premises have been retained in the delivery plan ensuring that delivery slots with contractors and booking of road permits with Essex Highways are maintained.

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- 4.15. The additional GBF funding will allow gigabit broadband to be connected to 79 rural business premises and allow them to benefit from the growing digital economy and better compete in an economic environment that is more focused on online trading and digital customer engagement.
- 4.16. Additionally, 185 rural residences will benefit from a new gigabit capable broadband service, which is reported to be worth £217 per person per year. This gigabit connection will future proof broadband residents against increased connectivity requirements in the future, predictions for home office users are a connection of 250Mbps download, this investment will secure that. This planned infrastructure will ultimately allow residents to compete in the global market for remote workers.
- 4.17. At the time of the original GBF Business Case submission, the BCR was reported to be 31.2:1. Essex County Council have provided updated Value for Money calculations which demonstrate that the project continues to offer a BCR of 25.7:1 and therefore continues to offer High value for money.

Outstanding risks to project delivery

- 4.18. Delivery of the project has commenced and therefore the majority of risks have been mitigated or there are plans in place to mitigate the risk following receipt of additional GBF funding.
- 4.19. The high severity risks identified by Essex County Council in their application for additional GBF funding are as follows:
 - 4.19.1. Inability to meet funding deadlines – delivery profiles have been established and these confirm delivery by the end of January 2023 mitigating this risk.
 - 4.19.2. Need to secure Highways Permits to enable delivery of the project – it has been confirmed that highways permits have been secured which will allow work to be completed within the agreed timescales thereby mitigating this risk.
 - 4.19.3. Difficulties in obtaining permission for delivery in multi-dwelling units – internal build to flats is reliant on securing landowner and resident permission. The supplier has a dedicated team which manage this engagement and who are actively engaging with all affected multi-dwelling units so as to mitigate this risk.

5. Jaywick market and Commercial Space

Project information

- 5.1. 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.
- 5.2. The intention was to construct 13 low-cost units offering 9,500sq ft lettable area and a covered local market of 20 affordable pitches. Following a redesign after the original GBF Business Case was submitted, a further 16 units and a meeting/training room have been added. Alongside this, the public realm in the area will be improved including the

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creation of a new community garden and a multipurpose hard landscaped area which can be used for outdoor markets and seasonal events.

- 5.3. This project forms 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.
- 5.4. The Board approved the award of £1.972m GBF in November 2020 to support delivery of the Jaywick Market and Commercial Space project. The most recent quarterly reporting from Essex County Council indicates that £747,496 of this funding allocation has been drawn down to date, although it has been confirmed that more expenditure has been incurred. It has been confirmed that the full GBF allocation has been contractually committed to deliver the project.
- 5.5. In November 2021, the Board agreed that the GBF funding allocation could be retained against the project beyond March 2022 for a maximum period of 6 months, to 30 September 2022. This extension was required due to concerns over the rising costs of materials and increasing volatility in the materials market prompting the need for a review of the design of the project.
- 5.6. Furthermore, in September 2022, the Board agreed that the GBF funding allocation could be retained against the project for a further period of 6 months, to 31 March 2023. This extension was requested due to delays in the construction process caused by the discovery of unexpected ground obstructions and contamination following the commencement of works onsite.
- 5.7. An additional £419,060 GBF funding was sought by Essex County Council to support delivery of the approved Business Case. However, following conversations at the Success Essex Board meeting on 31 October 2022, it was agreed to reduce the GBF funding ask to ensure that the three Success Essex projects identified as priorities could all receive additional GBF funding to support delivery. As a result of this decision, and subsequent approval by the Strategic Board, the Jaywick Market and Commercial Space project is currently seeking additional GBF investment of £300,879. Tendring District Council (as delivery partner) have committed to bridging the resultant funding gap to ensure that the project can be delivered in accordance with the agreed Business Case.
- 5.8. As the Board are aware from previous updates, there has been a significant increase in the total project cost since submission of the original Business Case. The updated funding package for the project is set out in Table 3 below.

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Table 3: Updated funding package for the Jaywick Market and Commercial Space project

Funding Source	Original Funding Package £m	Updated Funding Package £m
Getting Building Fund	1.972	2.273
Essex County Council	0.050	2.005
Tendring District Council	0.106	0.548
Total	2.128	4.826

5.9. An overview of the benefits expected to be realised as a result of the GBF investment is provided in Table 4 below.

Table 4: Overview of the Jaywick Market and Commercial Space project

Existing GBF funding allocation: £1.972m	Total project cost as per approved Business Case: £2.128m
Additional GBF funding sought: £300,879	Total project cost as per application for additional GBF funding: £4.826m
<p>Key project benefits as stated in the Business Case:</p> <ul style="list-style-type: none"> • Keeping spend local by creating space for local independent businesses • Increased footfall through improved walkability of the area, incentivising active travel and improving health and wellbeing • Creating space for community events • 44 FTE jobs created • Increasing the job density within Jaywick Sands from 1 job per 14 residents to 1 job per 8 residents. • 842sqm lettable floorspace (B1) • 3,700sqm Improved public realm, including community garden 	

5.10. As indicated at Section 5.2 of this report, the benefits offered by the project have increased since submission of the approved Business Case.

5.11. Delivery of the project, and spend of the original GBF funding allocation, is ongoing. It has been confirmed that the steel frame for the main building has been constructed and that the building will be watertight by mid-December 2022. In addition, the majority of the required groundworks in the area surrounding the building have now been completed.

5.12. An updated delivery programme has been provided as part of the application for additional GBF funding. This programme demonstrates that the project will be completed and the building open for use in March 2023. In addition, a commitment has been provided that the GBF funding will be spent in full prior to 31 March 2023 in accordance with current Government expectations.

5.13. The current delivery programme for the project is set out in Table 5 below.

Table 5: Delivery programme for the Jaywick Market and Commercial Space project

Milestone	Expected completion date
Construction completed	February 2023
Business Support	Ongoing
Marketing and letting	September 2022 to February 2023
Scheme opening	March 2023

5.14. Further information on the project can be found at Appendix B.

Reason for seeking additional GBF

5.15. Prior to commencing construction, a ground conditions survey was undertaken. The outcome of the survey was positive and gave a low risk of asbestos contamination. However, during the early stages of construction, significant contamination and a number of ground obstructions were discovered. These findings have resulted in the total project cost increasing by over £200,000.

5.16. Work has begun to excavate the car park area and further contamination has been found. The estimated additional cost associated with the management of the identified and potential further contamination is £450,000. Additional GBF funding was sought to help mitigate these cost increases.

5.17. It has subsequently been confirmed that the majority of the groundwork at the site has been completed and that less contamination than expected had been discovered. In addition, a more cost effective and environmentally friendly method of disposal for any contamination found has been identified and used.

5.18. The application for additional GBF funding requested that, if the full amount sought was not needed to help manage the contamination at the site, it be spent on delivering items which had been removed from the project scope due to the increasing costs. These items include roof solar panels, bin storage, café fit out, CCTV over the community garden area, internal signage and information technology and furniture required to make the meeting room a hybrid learning room.

Additionality offered by the additional GBF funding

5.19. The additional GBF funding will allow the project to deliver in accordance with the scope set out in the original Business Case and will allow delivery of the additional outputs set out within this report.

5.20. Completing delivery of the project and installing tenants in the building will enable regeneration, improve skills in the area and provide low-cost starter units for new and emerging local businesses which will reduce unemployment, bring income into the area and enable a full business support offer to be put in place to help them succeed.

5.21. It should be noted that, even with the additional GBF funding, there are some elements of the original project scope which will not be delivered due to the increase in total project cost. These elements do not impact on the ability of the project to complete and offer an important facility to the local area, however, inclusion of these elements would enhance the offer to future tenants and visitors to the site increasing footfall and income to the area.

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- 5.22. At the time of the original GBF Business Case submission, the BCR was reported to be 5.1:1. In May 2022, an updated BCR was calculated which took into account the increase in total project cost reported following procurement of a construction contractor. At this time, the BCR reduced to 3.77:1.
- 5.23. An updated BCR calculation is set out in the application for additional GBF funding and this demonstrates that the project continues to offer a BCR of 3.45:1 and therefore continues to offer High value for money.

Outstanding risks to project delivery

- 5.24. A number of risks have been detailed in the application for additional GBF funding. Mitigation measures have been identified so as to minimise the impact of these risks should they materialise. The key risks are outlined below:
 - 5.24.1. Additional funding not received – this will likely mean that the car park aspect of the project will need to be paused, re-designed and revised planning consent sought further delaying project delivery.
 - 5.24.2. Overspend on the current budget – this may result in the building not opening which will have a number of implications for the local area.
 - 5.24.3. Reduced demand for commercial space and market pitches at the site – this will likely mean that some units or market pitches remain vacant which will impact on the scale of benefits realised.
 - 5.24.4. Unexpected or worse than expected ground conditions or contamination – this risk has been realised for the site of the main building but, subsequent to submission of the application for additional GBF funding, it has been confirmed that less contamination than was feared has been found in the areas surrounding the building.

6. Next Steps

- 6.1. As set out in Section 3 of this report, the award of any additional GBF funding to any of the projects outlined in this report is contingent upon receipt of Government approval for the increase in GBF funding allocation.
- 6.2. If a response from Government is not received in advance of the Board meeting, steps will be taken to secure a response as quickly as possible following the meeting.
- 6.3. Following the approval of the award of additional GBF funding by the Board and Government, there will be a requirement to complete Variation Agreements which update the Service Level Agreements in place between the relevant Upper Tier Local Authorities, SELEP Ltd and Essex County Council (as the Accountable Body for SELEP). No funding will be issued to local partners until the relevant Variation Agreements have been completed.
- 6.4. In accordance with standard reporting processes, each project in receipt of additional GBF funding will be required to provide a report on the delivery and spend of the GBF funding at each subsequent Board meeting until delivery of the project has completed. Any risks with

Getting Building Fund funding decisions

regard to spend of the GBF by the end of 2022/23 will be presented to the Board at the next meeting.

7. Financial Implications (Accountable Body comments)

- 7.1. The Accountable Body is currently holding the returned GBF funding for allocation out to Projects, subject to approval by the Board.
- 7.2. Essex County Council as Accountable Body to SELEP, is responsible for ensuring that the GBF funding is utilised in accordance with the conditions set out by Government for use of the Grant.
- 7.3. All GBF is transferred to the sponsoring authority under the terms of a Funding Agreement or SLA.
- 7.4. The Agreements set out the circumstances under which funding may have to be repaid should it not be utilised in line with the conditions of the grant or in accordance with the Decisions of the Board.
- 7.5. Should the Board approve the award of GBF, a variation agreement will be put in place to the existing GBF service level agreement (SLA) in place between the Accountable Body, SELEP Ltd and Essex County Council.
- 7.6. The Accountable Body will not transfer GBF awarded by the Board until the variation agreement is complete.

8. Legal Implications (Accountable Body comments)

- 8.1. The terms set out in the grant conditions between the Accountable Body and Central Government for the Getting Building Fund will set out how the GBF is to be administered and used. If the recommendation to award funding to the projects is approved, a variation agreement will be put into place between the Accountable Body, SELEP Ltd and the lead authority.

9. Equality and Diversity Implications

- 9.1. Section 149 of the Equality Act 2010 creates the public sector equality duty which requires that when a public sector body makes decisions it must have regard to the need to:
 - 9.1.1. Eliminate unlawful discrimination, harassment and victimisation and other behaviour prohibited by the Act
 - 9.1.2. Advance equality of opportunity between people who share a protected characteristic and those who do not.
 - 9.1.3. Foster good relations between people who share a protected characteristic and those who do not including tackling prejudice and promoting understanding.
- 9.2. The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation.

Getting Building Fund funding decisions

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

10. List of Appendices

10.1. Appendix A – Extension of the full-fibre broadband rollout in Essex to reach rural and hard to reach premises project information

10.2. Appendix B – Jaywick Market and Commercial Space project information

11. List of Background Papers

11.1. [Extension of the full-fibre broadband rollout in Essex to reach rural and hard to reach premises – application for additional GBF funding](#)

11.2. [Jaywick Market and Commercial Space – application for additional GBF funding](#)

(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 (on behalf of Nicole Wood, S151 Officer, Essex County Council)	16/11/2022

Appendix A – Getting Building Fund Project Background Information

Name of Project	<p>Extension of full-fibre broadband rollout in Essex to reach rural and hard to reach areas</p> <p>Essex districts and boroughs of: Uttlesford, Braintree, Colchester, Tendring, Chelmsford, Harlow, Basildon, Brentwood, Rochford, Maldon, Castle Point</p>
Responsible Upper Tier Local Authority	<p>Essex County Council</p>
Delivery Organisation	<p>Essex County Council</p>
Getting Building Fund value	<p>Original GBF funding allocation: £1,820,000 Additional GBF funding allocation: £359,074 Total GBF funding allocation: £2,179,074</p>
Project Description	<p>Project to deploy ultrafast broadband for rural premises in Essex, extending the currently ongoing Superfast Essex rollout programme. Potential for economic activity in these areas is substantial. Demand for fast broadband services is nearly 15% higher in these rural areas than the average for Essex. The project will implement fast deployment and maximise the capacity of the current delivery arrangements by adding as much scope as possible within the existing live rollout contracts. This project complements other Essex broadband projects currently in progress or being planned.</p>
Need for Intervention	<p>Within the current Superfast Essex broadband rollout across Essex, it has become clear that in a significant number of cases the cost of deployment in rural areas had been underestimated by suppliers, and up to 10% of the premises in the current rollout scope will exceed the contractual cost cap.</p> <p>These full fibre networks will be delivered either by new alternative operators such as Hyperoptic and CityFibre, or by Openreach and Virgin implementing upgrades to their existing networks. However, given the commercial focus on high-revenue areas, it is highly unlikely that the rural and hard to reach areas that remain without superfast broadband will benefit from these full-fibre upgrades, unless these are delivered via subsidised infrastructure deployments. Hence a market failure exists.</p>
Reasons for seeking additional GBF funding	<p>Planning activities have concluded for all 1,500 premises supported by the original GBF funding allocation. This involved carrying out full, intrusive surveys on all rural developments to fully assess the quality of existing infrastructure and validate the deployment plans and costings.</p> <p>These surveys allow the supplier to know exactly what is required for the build and if there are issues with the network, where repairs are needed. This means the project is now fully planned and the remaining delivery scheduled, underpinned and programmed with highway permits to complete in January 2023. However, the survey results have shown that a number of rural deployments will cost significantly more than the modelled amount – these cost escalations are a result of the COVID-19 pandemic, Brexit and current high inflation levels. It is now apparent that</p>

	<p>17.6% (264) of the premises funded by the original GBF grant exceed the contractual cost cap.</p> <p>In these cases, the supplier has provided cost breakdowns per deployment explaining the rationale for the cost increase and requesting further funding to fill the newly identified cost gap. If no such funding is available, the contractual position will be to remove the premises from programme.</p> <p>Additional GBF funding is sought to bridge the newly identified cost gap.</p>															
<p>Project benefits</p>	<ul style="list-style-type: none"> • Reducing economic disadvantage through improving internet connectivity. • Investment in rural superfast broadband connectivity will drive the more widespread commercial deployment of ultrafast broadband. • The extension of the superfast fibre broadband infrastructure will underpin the future rollout of improved mobile communications technology as the fibre network being installed will be available for use by 5G networks. • Creation of 300 jobs and safeguarding of 1,500 jobs. • Assisting 300 businesses and up to 3,000 learners • Delivery of 1,500 new superfast/ultrafast broadband connections <p>Essex County Council have confirmed that the forecast project benefits remain unchanged from the original Business Case submission</p>															
<p>Additionality offered by the additional GBF funding</p>	<p>The additional GBF funding will allow gigabit broadband to be connected to 79 rural business premises and allow them to benefit from the growing digital economy and better compete in an economic environment that is more focused on online trading and digital customer engagement. This new gigabit capable digital connectivity is expected to increase business turnover and enable the connected business to create jobs because of increased customer engagement.</p> <p>Additionally, 185 rural residences will benefit from a new gigabit capable broadband service, which is reported to be worth £217 per person per year. This gigabit connection will future proof broadband residents against increased connectivity requirements in the future, predictions for home office users are a connection of 250 Mbps download, this investment will secure that. This planned infrastructure will ultimately allow residents to compete in the global market for remote workers.</p>															
<p>Financial Information</p>	<table border="1"> <thead> <tr> <th data-bbox="456 1711 932 1823">Funding Source</th> <th data-bbox="932 1711 1216 1823">Original Funding Package £m</th> <th data-bbox="1216 1711 1506 1823">Updated Funding Package £m</th> </tr> </thead> <tbody> <tr> <td data-bbox="456 1823 932 1861">Getting Building Fund</td> <td data-bbox="932 1823 1216 1861">1.820</td> <td data-bbox="1216 1823 1506 1861">2.179</td> </tr> <tr> <td data-bbox="456 1861 932 1899">Supplier Contribution</td> <td data-bbox="932 1861 1216 1899">0.600</td> <td data-bbox="1216 1861 1506 1899">0.600</td> </tr> <tr> <td data-bbox="456 1899 932 1937">Essex County Council</td> <td data-bbox="932 1899 1216 1937">0.000</td> <td data-bbox="1216 1899 1506 1937">0.118</td> </tr> <tr> <td data-bbox="456 1937 932 1975">Total</td> <td data-bbox="932 1937 1216 1975">2.420</td> <td data-bbox="1216 1937 1506 1975">2.897</td> </tr> </tbody> </table>	Funding Source	Original Funding Package £m	Updated Funding Package £m	Getting Building Fund	1.820	2.179	Supplier Contribution	0.600	0.600	Essex County Council	0.000	0.118	Total	2.420	2.897
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Total	2.420	2.897														

Risks to project delivery	<p>A number of risks are identified in the application for additional GBF funding. The high severity risks are as follows:</p> <ul style="list-style-type: none"> • Inability to meet funding deadlines – delivery profiles have been established and these confirm delivery by the end of January 2023 mitigating this risk. • Need to secure Highways Permits to enable delivery of the project – it has been confirmed that highways permits have been secured which will allow work to be completed within the agreed timescales thereby mitigating this risk. • Difficulties in obtaining permission for delivery in multi-dwelling units – internal build to flats is reliant on securing landowner and resident permission. The supplier has a dedicated team which manage this engagement and who are actively engaging with all affected multi-dwelling units so as to mitigate this risk.
Delivery programme	<p>Delivery of the project is ongoing and is expected to complete by January 2023.</p>
Evidenced compliance with Assurance Framework?	<p>Yes, the project does meet the requirements of the SELEP Assurance Framework.</p>
Link to Project webpage	<p>Extension of the Full-Fibre Broadband rollout in Essex to reach rural and hard to reach premises - The South East Local Enterprise Partnership (southeastlep.com)</p>

Appendix B – Getting Building Fund Project Background Information

Name of Project	Jaywick Market and Commercial Space Brooklands Avenue, Jaywick Sands, Clacton-on-Sea, Essex CO15 2JE
Responsible Upper Tier Local Authority	Essex County Council
Delivery Organisation	Tendring District Council in partnership with Essex County Council
Getting Building Fund value	Original GBF funding allocation: £1,972,000 Additional GBF funding allocation: £300,879 Total GBF funding allocation: £2,272,879
Project Description	<p>The Jaywick Market and Commercial Space project will build and operate covered market and affordable business space on a gateway site in Jaywick Sands to support the local economy, grow local entrepreneurship, and grow and retain economic activity and job creation in the local area.</p> <p>The proposal was to construct 13 affordable rent business units offering 9,500sq. ft. lettable area and a covered local market of 10 affordable pitches. Following a redesign, the project is also now delivering a further 11 flexible units and a meeting/training room. Alongside this, the public realm in the area will be improved including the creation of a new community garden and a multipurpose hard landscaped area which can be used for outdoor markets and seasonal events. This will form part of a programme of wider regeneration and will deliver an extensive range of positive social impacts to help alleviate the severe deprivation experienced by much of the Jaywick Sands community including increased employment opportunities, increased training opportunities, a rise in skills and employability, pride in the area, a rise in aspiration, especially amongst younger people and significantly improved health benefits through affordable access to fresh foods.</p>
Need for Intervention	<p>Jaywick Sands includes the most deprived Lower Super Output Area in the country, with 6 out of the 7 domains ranked in the bottom 10% nationally, including income, employment and health and wellbeing. The community, comprising around 5,000 people, experiences very high unemployment and low skills levels, and there are significant barriers to accessing training and employment due to the geographical isolation of the community.</p> <p>As a coastal community, residents work predominantly in the leisure and care sectors which have been hardest hit by COVID-19 and have lower than average incomes, exceptionally poor-quality housing, and struggle with everyday living. The project aligns with the objectives of the Government to 'level up' these deprived coastal communities, creating opportunities and aspiration which will result in economic and social benefits.</p> <p>Employment and training issues, access to affordable healthy food and low-cost everyday necessities, public realm and environmental</p>

	<p>quality, market failure and COVID-19 are all contributing factors in the need for this project.</p>
<p>Reasons for seeking additional GBF funding</p>	<p>Between confirmation of the original GBF funding award and undertaking the contractor procurement, construction costs doubled. This was due to the market conditions resulting from the COVID-19 pandemic, Brexit and high inflation levels. These extra costs have been covered by Essex County Council and Tendring District Council.</p> <p>Within the agreed budget there is a contingency to cover unexpected costs arising from the build and a small proportion of the budget was set aside for issues relating to ground conditions. The ground conditions survey that accompanied the planning permission was positive and gave a low risk of asbestos contamination. The volume of contamination and the amount of ground obstructions found during excavation of the buildings foundations far exceeded expectations. The additional cost incurred at the time of applying for additional GBF funding was £219,060 and this used all contingency placed in the budget. Further contamination was found during the early excavation of the car park area. Therefore, additional GBF funding is sought to cover the unexpected contamination and ground obstructions costs incurred. The amount of GBF funding sought is based on an estimate of the total likely cost associated with these works.</p> <p>In addition, during the detailed design and procurement phase of the project, and more recently due to budget pressures, elements of the original scope of works have been removed. This is due to the increase in construction costs due to the COVID-19 pandemic, Brexit and high inflation. There is no budget currently available to re-introduce these items. Therefore, if the full value of the additional GBF funding sought is not required to fund the costs associated with the contamination and ground obstructions, it will be used to reintroduce some of the removed elements.</p>
<p>Project benefits</p>	<ul style="list-style-type: none"> • Keeping spend local by creating space for local independent businesses • Increased footfall through improved walkability of the area, incentivising active travel and improving health and wellbeing • Creating space for community events • 44 FTE jobs created • Increasing the job density within Jaywick Sands from 1 job per 14 residents to 1 job per 8 residents. • 842sqm lettable floorspace (B1) • 3,700sqm Improved public realm, including community garden <p>As indicated above, the project benefits have increased since submission of the approved Business Case.</p>
<p>Additionality offered by the additional GBF funding</p>	<p>If additional GBF funding is awarded the project can delivery in accordance with the current project scope. This will have a positive impact in changing the perception of the area. This is particularly important with Jaywick being the most deprived area as it will improve the quality of the offer to residents and provide a pride of place which is desperately needed.</p> <p>Completing the project and installing tenants into the building will also enable regeneration, improve the skills in the area and provide low cost starter units for new and emerging local businesses which will reduce</p>

	<p>unemployment, bring an income into the area and enable a full business support offer to be put in place.</p> <p>Reinstating the omitted items will enhance the offer to future tenants and visitors to the site increasing footfall and income to the area.</p>																		
Financial Information	<table border="1" data-bbox="456 320 1503 622"> <thead> <tr> <th data-bbox="456 320 951 465">Funding Source</th> <th data-bbox="951 320 1235 465">Original Funding Package (£m)</th> <th data-bbox="1235 320 1503 465">Updated Funding Package (£m)</th> </tr> </thead> <tbody> <tr> <td data-bbox="456 465 951 506">Getting Building Fund</td> <td data-bbox="951 465 1235 506">1.972</td> <td data-bbox="1235 465 1503 506">2.273</td> </tr> <tr> <td data-bbox="456 506 951 546">Essex County Council</td> <td data-bbox="951 506 1235 546">0.050</td> <td data-bbox="1235 506 1503 546">2.005</td> </tr> <tr> <td data-bbox="456 546 951 586">Tendring District council</td> <td data-bbox="951 546 1235 586">0.106</td> <td data-bbox="1235 546 1503 586">0.548</td> </tr> <tr> <td data-bbox="456 586 951 622">Total</td> <td data-bbox="951 586 1235 622">2.128</td> <td data-bbox="1235 586 1503 622">4.826</td> </tr> </tbody> </table>			Funding Source	Original Funding Package (£m)	Updated Funding Package (£m)	Getting Building Fund	1.972	2.273	Essex County Council	0.050	2.005	Tendring District council	0.106	0.548	Total	2.128	4.826	
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Risks to project delivery	<p>The main risks identified in the application for additional GBF funding are:</p> <table border="1" data-bbox="456 730 1503 2029"> <thead> <tr> <th data-bbox="456 730 1126 770">Risk</th> <th data-bbox="1126 730 1503 770">Mitigation</th> </tr> </thead> <tbody> <tr> <td data-bbox="456 770 1126 920">Additional funding not received – the car park element of the project will need to be paused, the area will need to be redesigned and revised planning permission sought</td> <td data-bbox="1126 770 1503 920">To seek further funding and to explore options to reduce the project scope further</td> </tr> <tr> <td data-bbox="456 920 1126 1070">Overspend on the current budget – the building will not be opening which will have a number of implications for the area</td> <td data-bbox="1126 920 1503 1070">To seek further funding and to explore options to reduce the project scope further</td> </tr> <tr> <td data-bbox="456 1070 1126 1220">Reduced demand for commercial space and market pitches – some units and market pitches may remain vacant</td> <td data-bbox="1126 1070 1503 1220">Net scheme benefits will be realised even if occupancy is lower than projected.</td> </tr> <tr> <td data-bbox="456 1220 1126 1400">Construction risks – which will impact on the project budget and programme</td> <td data-bbox="1126 1220 1503 1400">Risks during the construction programme will be shared between the scheme promoters and the contractor.</td> </tr> <tr> <td data-bbox="456 1400 1126 1624">Unexpected or worse than expected ground conditions or contamination – leading to cost increases and programme delays</td> <td data-bbox="1126 1400 1503 1624">Continue to review ground conditions and contamination. Continue to review design and impact on project budget.</td> </tr> <tr> <td data-bbox="456 1624 1126 1803">Community opposition</td> <td data-bbox="1126 1624 1503 1803">Ongoing community and stakeholder engagement and project adaptation to reflect community feedback</td> </tr> <tr> <td data-bbox="456 1803 1126 2029">Running costs higher than anticipated</td> <td data-bbox="1126 1803 1503 2029">Sensitivity analysis shows that costs can increase by a quarter without affecting ability to provide a net surplus by year 5.</td> </tr> </tbody> </table>			Risk	Mitigation	Additional funding not received – the car park element of the project will need to be paused, the area will need to be redesigned and revised planning permission sought	To seek further funding and to explore options to reduce the project scope further	Overspend on the current budget – the building will not be opening which will have a number of implications for the area	To seek further funding and to explore options to reduce the project scope further	Reduced demand for commercial space and market pitches – some units and market pitches may remain vacant	Net scheme benefits will be realised even if occupancy is lower than projected.	Construction risks – which will impact on the project budget and programme	Risks during the construction programme will be shared between the scheme promoters and the contractor.	Unexpected or worse than expected ground conditions or contamination – leading to cost increases and programme delays	Continue to review ground conditions and contamination. Continue to review design and impact on project budget.	Community opposition	Ongoing community and stakeholder engagement and project adaptation to reflect community feedback	Running costs higher than anticipated	Sensitivity analysis shows that costs can increase by a quarter without affecting ability to provide a net surplus by year 5.
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Running costs higher than anticipated	Sensitivity analysis shows that costs can increase by a quarter without affecting ability to provide a net surplus by year 5.																		
Delivery programme	<p>The steel frame for the main building has been constructed and is expected to be watertight by mid-December 2022.</p>																		

	<p>It is expected that the project will be completed and the building open for use in March 2023.</p> <p>The full programme is set out below.</p> <table border="1" data-bbox="456 320 1508 584"> <thead> <tr> <th data-bbox="456 320 1139 394">Milestone</th> <th data-bbox="1139 320 1508 394">Expected completion date</th> </tr> </thead> <tbody> <tr> <td data-bbox="456 394 1139 432">Construction completed</td> <td data-bbox="1139 394 1508 432">February 2023</td> </tr> <tr> <td data-bbox="456 432 1139 470">Business Support</td> <td data-bbox="1139 432 1508 470">Ongoing</td> </tr> <tr> <td data-bbox="456 470 1139 544">Marketing and letting</td> <td data-bbox="1139 470 1508 544">September 2022 to February 2023</td> </tr> <tr> <td data-bbox="456 544 1139 584">Scheme opening</td> <td data-bbox="1139 544 1508 584">March 2023</td> </tr> </tbody> </table>	Milestone	Expected completion date	Construction completed	February 2023	Business Support	Ongoing	Marketing and letting	September 2022 to February 2023	Scheme opening	March 2023
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Evidenced compliance with Assurance Framework?	Yes, the project does meet the requirements of the SELEP Assurance Framework.										
Link to Project webpage	https://www.southeastlep.com/project/jaywick-market-and-commercial-space/										

Forward plan reference number: FP/AB/578, FP/AB/579, FP/AB/580, FP/AB/584, FP/AB/581 and FP/AB/582

Report title: Getting Building Fund funding decisions and extension requests	
Report to: Accountability Board	
Report author: Helen Dyer, SELEP Capital Programme Manager	
Meeting date: 25 November 2022	For: Decision
Enquiries to: helen.dyer@southeastlep.com	
SELEP Partner Authority affected: East Sussex, Essex, Kent, Medway 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 £2,657,547 Getting Building Fund (GBF) to six projects in accordance with the new GBF prioritised project pipeline.
- 1.2. Five of the projects detailed in this report are seeking additional GBF funding to help mitigate the impact of cost increases experienced as a result of the impacts of the COVID-19 pandemic, Brexit or current high inflation levels and to support delivery of the approved Business Case. The final project is seeking GBF investment to deliver a further phase of the existing GBF project.
- 1.3. The Board will also be asked to consider whether the projects outlined in this report meet the conditions agreed by the Board in July 2021 for retention of their respective GBF allocations beyond 31 March 2022.

2. Recommendations

- 2.1. The Board is asked to:
 - 2.1.1. **Agree** the award of an additional £400,000 GBF to Medway Council for the Innovation Park Medway – Sustainable City of Business project, subject to Government approval of the increase in GBF funding allocation and agree that the GBF funding can be retained against the project beyond March 2022 for a maximum period of 12 months to 31 March 2023.
 - 2.1.2. **Agree** the award of an additional £875,000 GBF to Kent County Council for the Thanet Parkway Railway Station project, subject to Government approval of the increase in GBF funding allocation and agree that the GBF funding can be retained against the project beyond March 2022 for a maximum period of 12 months to 31 March 2023.
 - 2.1.3. **Agree** the award of an additional £235,28 GBF to Kent County Council for the Javelin Way Development project, subject to Government approval of the increase

Getting Building Fund funding decisions and extension requests

in GBF funding allocation and agree that the GBF funding can be retained against the project beyond March 2022 for a maximum period of 12 months to 31 March 2023.

- 2.1.4. **Agree** the award of an additional £331,819 GBF to Essex County Council for the Tindal Square, Chelmsford project, subject to Government approval of the increase in GBF funding allocation and agree that the GBF funding can be retained against the project beyond March 2022 for a maximum period of 12 months to 31 March 2023.
- 2.1.5. **Agree** the award of an additional £315,000 GBF to East Sussex County Council for the Observer Building, Hastings project, subject to Government approval of the increase in GBF funding allocation and agree that the GBF funding can be retained against the project beyond March 2022 for a maximum period of 12 months to 31 March 2023.
- 2.1.6. **Agree** the award of £500,000 GBF to Thurrock Council for the ASELA LFFN Phase 3 project which has been assessed as offering High value for money with a Medium certainty of achieving this, subject to Government approval of project inclusion within the GBF programme and agree that the GBF funding can be retained against the project beyond March 2022 for a maximum period of 12 months to 31 March 2023.

3. Background

- 3.1. 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. In addition, in September 2022, the Board agreed the removal of the Laindon Place project from the GBF programme as it was unable to deliver in accordance with the Business Case within the required timeframe. This released a further £0.79m GBF for reallocation to alternative projects, bringing the total available for reallocation to £3.3175m.
- 3.2. As the Board are aware, following the removal of the Fast Track Business Solutions for the Hastings Manufacturing Sector project from the GBF programme and the subsequent reallocation of the funding to alternative projects, there was no pipeline remaining.
- 3.3. A new GBF prioritised project pipeline, with the exception of the Success Essex projects, was agreed by the Strategic Board on 21 October 2022 in accordance with the process agreed in August 2022. The inclusion of the Success Essex projects was agreed via Electronic Procedure on 10 November 2022.
- 3.4. In accordance with current Government expectations, the ability of each project to spend additional GBF funding awarded by 31 March 2023 was a key consideration when establishing the new GBF prioritised project pipeline. If the Board agree the award of funding to the projects outlined in this report, delivery of the projects will be closely monitored and any risks with regard to spend of the GBF by the end of 2022/23 will be presented to the Board at the next meeting.

Getting Building Fund funding decisions and extension requests

- 3.5. At this meeting, the Board are asked to consider the award of the total £3.3175m GBF available to alternative projects, in accordance with the agreed pipeline. This report considers the award of £2.658m of the GBF funding, with the award of the remaining balance considered under Agenda Item 6.
- 3.6. The recommendation of award of additional GBF funding to any of the projects outlined in this report is contingent upon receipt of Government approval for the increase in GBF funding allocation (for all projects except ASELA LFFN – Phase 3) or the inclusion of the project within the GBF programme (ASELA LFFN – Phase 3 only). Due to the contingent nature of the recommendations, if Government approval is not forthcoming, the additional funding will not be awarded to the project(s) (for all projects except ASELA LFFN – Phase 3) or the project will be removed from the GBF programme (ASELA LFFN – Phase 3 only) with no further Board decision required. The GBF funding will be released for reallocation to alternative projects.
- 3.7. Change Requests detailing the additional GBF funding sought, any associated changes to the funding package for each project and any expected changes to project benefits have been submitted to Government for all projects set out in this report. A verbal update on the status of these Change Requests will be provided during the meeting. If Government approval is granted in advance of the Board meeting, the recommendations will be updated accordingly.

4. Retention of GBF Funding beyond 31 March 2022

- 4.1. Given the timing of the award of the additional GBF funding considered in this report, spend of the GBF funding (if awarded) will clearly extend beyond March 2022, which marked the official end of the GBF programme.
- 4.2. In [July 2021](#), the Board agreed SELEP's position on the retention of GBF funding against projects beyond 31 March 2022. The Board agreed that GBF funding could be retained against projects subject to certain criteria and conditions being satisfied. The criteria and conditions were applied to requests for retention of GBF funding beyond March 2022 received between July 2021 and May 2022.
- 4.3. Subsequently in May 2022, following a review of all projects which had received approval for retention of their GBF funding beyond March 2022, the Board agreed that all projects forecasting GBF spend beyond March 2022 must meet the following requirements:
 - 4.3.1. All GBF funding must be spent within 12 months of the official end of the GBF programme, with full spend required by 31 March 2023.
 - 4.3.2. All planning requirements must be met by 15 July 2022.
 - 4.3.3. All other (non-planning) required consents and approvals must be received by 15 July 2022.
 - 4.3.4. Contractual commitments must be in place with the construction contractor by 30 September 2022.

Getting Building Fund funding decisions and extension requests

- 4.3.5. Any changes to total project cost (prior to construction contract award) and forecast benefits must be reported to the SELEP Secretariat to enable ongoing monitoring of the value for money offered by the project.
- 4.3.6. Ongoing reporting to the SELEP Secretariat on progress towards project delivery including provision of updated delivery milestones and notification of any changes to the funding sources identified to support project delivery must be provided.
- 4.4. These requirements were introduced as a mechanism for ensuring timely completion of the GBF programme and were not, at the time, intended to represent a new approach to determining whether funding could be retained beyond 31 March 2022. However, in light of the timing of the funding decisions considered in this report, it was considered prudent to assess the projects against the updated requirements agreed in May 2022, rather than using the original criteria and conditions agreed in July 2021.
- 4.5. Information has been provided to demonstrate how the six projects under consideration meet the requirements agreed by the Board in May 2022 for retention of GBF funding against the project beyond 31 March 2022. This information is set out in Appendix H and is summarised within the report.

5. Innovation Park Medway – Sustainable City of Business

Project information

- 5.1. The vision for the Innovation Park Medway (IPM) site includes Runway Park. The Runway Park will create a clear identity for the site and will provide high quality open space. The intention is that the Runway Park will establish itself as a primary forum for collaboration, bringing businesses and individuals together to foster an innovative spirit.
- 5.2. The high quality open space will be key to attracting investors and retaining skilled staff. Early delivery of the Runway Park will enable businesses to interact with the wider community and will add to the marketability of the site.
- 5.3. Delivery of the GBF project will maximise job creation across the whole of the site and will generate further productivity gains in Medway as an additional number of high value businesses are able to locate in the area sooner, increasing the number of businesses with the potential to realise Enterprise Zone benefits.
- 5.4. The Board approved the award of £778,323 GBF in July 2021 to support delivery of the Innovation Park Medway – Sustainable City of Business project. This funding was spent in full by 31 March 2022 in accordance with the GBF timeline originally specified by Government.
- 5.5. An additional £400,000 GBF funding has been sought by Medway Council to support delivery of the approved Business Case. The additional GBF funding (if awarded) represents the only change to the funding package since the submission of the original project Business Case.
- 5.6. An overview of the benefits expected to be realised as a result of the GBF investment is provided in Table 1 below.

Table 1: Overview of the Innovation Park Medway – Sustainable City of Business project

Existing GBF funding allocation: £778,323	Total project cost as per approved Business Case: £1,009,000
Additional GBF funding sought: £400,000	Total project cost as per application for additional GBF funding: £1,409,000
<p>Key project benefits as stated in the Business Case:</p> <ul style="list-style-type: none"> • 310 new GVA gross operational jobs, plus construction jobs. • Delivery of the Runway Park will accelerate the delivery of circa 3,000 high GVA jobs and up to 101,000m² of commercial space. • Alongside the core infrastructure, which is currently funded by LGF, the Runway Park will attract future occupants. • The project will encourage businesses to occupy the site where they can benefit from being within an Enterprise Zone due to the reinvestment of rates. Investment will support enhanced land values and unlock further phases of delivery of high-quality commercial space and high GVA jobs. • Development of the IPM will encourage uplift in investment in surrounding industrial estates in Medway. Investment in these sites will prevent the buildings falling into disrepair and will as a result safeguard jobs which already exist in Medway. • Retention of a higher number of graduates from local universities due to offering employment opportunities in highly skilled industries. • Creation of additional jobs within the private sector will reduce the reliance of Medway’s economy on the public sector. • IPM will contribute towards the development of the Thames Gateway through accelerated delivery of growth in jobs. 	

- 5.7. Medway Council have confirmed that the forecast project benefits remain unchanged from the original Business Case submission.
- 5.8. The GBF funding forms part of a wider package of SELEP investment in IPM. To date, this funding awarded through the Local Growth Fund (£9.62m) and Growing Places Fund (£0.65m) has enabled the reconfiguration of Rochester Airport to release the land required for the development of IPM, delivered improvements to the airport infrastructure to help safeguard the future of the airport and has brought forward delivery of enabling infrastructure on both the northern site (main part of the IPM site) and the smaller southern site.
- 5.9. The GBF funding was sought to ensure that the Runway Park works could be completed at the same time as the Local Growth Fund funded enabling works. Since award of the GBF funding, installation of the underground utilities has been completed (August 2022) and the above ground works to deliver the footpath and pavement, landscape and public realm, planting and street furniture have commenced.
- 5.10. The delivery programme provided by Medway Council indicates that the above ground works will be completed by March 2023. In addition, Medway Council have confirmed that the GBF funding will be spent in full by 31 March 2023 in accordance with the current expectations of Government.
- 5.11. Further information on the project is provided in Appendix B.

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Reasons for seeking additional GBF funding

- 5.12. The project has experienced cost increases due to the impacts of the COVID-19 pandemic, Brexit and current high inflation levels. These costs increases have arisen as a result of the following factors:
- 5.12.1. Increasing materials costs due to the impacts of the COVID-19 pandemic and rising inflation levels. Increasing costs have been specifically referenced in relation to cement, concrete and paving.
 - 5.12.2. The need for COVID safe construction practices which have resulted in an extended delivery programme and an associated increase in project costs. The need for safe working practices contributed to delays during the archaeology and ground investigation surveys, which lead to a delayed start to construction on the site. Due to this delay, Medway Council incurred a late start fee from the contractor which further increased project costs.
 - 5.12.3. Supply chain issues including extended lead-in times for certain materials. These issues have been further compounded by Brexit and associated labour shortages.

Additionality offered by the additional GBF funding

- 5.13. The additional GBF investment will enable all elements of the original project scope to be delivered to the high quality envisaged for the site as set out in the IPM Design Code.
- 5.14. Without the additional investment, the materials used for certain elements of the project are likely to need to be value engineered which would require a further review from planning and would lead to a further delay in project delivery. In addition, there is a risk that planning consent would not be granted if lower quality materials were used due to the requirements of the Local Development Order and Design Code.
- 5.15. The Benefit Cost Ratio (BCR) set out in the approved project Business Case was 5.3:1. Medway Council have indicated that, when taking into account the additional GBF funding sought, the BCR will reduce to 3.8:1 which continues to demonstrate High value for money.

Outstanding risks to project delivery

- 5.16. A number of risks have been identified in the application for additional GBF funding submitted by Medway Council. For the most part, these risks have either already been mitigated or arise as a result of the application for additional GBF funding being unsuccessful. There are no identified risks in relation to delivery of the planned enabling works if additional GBF funding is awarded to support project delivery.
- 5.17. As detailed above, if additional GBF funding is not awarded, there will be a need to review the quality of the materials being used to deliver the project. This would not only threaten delivery of the project in accordance with the adopted Design Code but would also prompt the need for the planning consent for the works to be revisited under the Local Development Order. If additional GBF funding is not awarded and planning consent for the use of lower quality materials cannot be secured, this would slow the rate at which the site

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can be established, as development would be reliant on income and reinvestment from the private sector.

- 5.18. In the current economic climate, there is a risk that fewer private sector businesses than expected will be interested in moving to the site, meaning that the realisation of forecast employment benefits are delayed. This risk has been mitigated through the development of a comprehensive marketing strategy and a Demand Study for the site.

Compliance with requirements for retention of GBF funding beyond March 2022

- 5.19. Information has been provided to demonstrate how the project meets the requirements agreed by the Board in May 2022 for all projects retaining their respective GBF allocations beyond 31 March 2022. This information is set out in Appendix H and demonstrates that the project meets all the requirements agreed by the Board.

6. Thanet Parkway Railway Station

Project information

- 6.1. The project will deliver a new train station, and associated level crossing/signalling upgrades, which will be located approximately 2 miles east of Ramsgate on the Ashford International to Ramsgate line which will improve access to rail travel options in Thanet.
- 6.2. The station will provide two platforms suitable for use by 12- car trains and the station forecourt will include two ticket vending machines, two bus shelters and a set down area will be provided for buses, taxis and passenger drop off, together with staff parking.
- 6.3. Parking will be provided inclusive of short stay bays for passenger drop off and taxis, disabled bays, provision for electric vehicle charging, motorcycles spaces and pedal cycle parking spaces.
- 6.4. To provide access to the station, a new direct access road will be provided from the A299 Hengist Way. Pedestrian and cycle access will provided from Cliffsend village, ensuring sustainable access to the station.
- 6.5. The Board approved the award of £11.999m GBF in November 2020 to support delivery of the Thanet Parkway Railway Station project. This funding was spent in full by 31 March 2022 in accordance with the GBF timeline originally specified by Government.
- 6.6. An additional £875,000 GBF funding has been sought by Kent County Council to support delivery of the approved Business Case. Due to significant cost increases, there have been a number of changes to the funding package since the original GBF Business Case was agreed by the Board. The updated funding package is set out in Table 2 below.

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Table 2: Updated funding package for the Thanet Parkway Railway Station project

Funding Source	Original Funding Package £	Updated Funding Package £
Getting Building Fund	11,999,000	12,874,000
Local Growth Fund	14,000,000	14,000,000
Kent County Council	5,813,731	11,585,319
East Kent Spatial Development Company	700,000	0
Thanet District Council	2,000,000	2,000,000
New Stations Fund 3	0	3,400,000
Total	34,512,731	43,859,319

- 6.7. An overview of the benefits expected to be realised as a result of the GBF investment is provided in Table 3 below.

Table 3: Overview of the Thanet Parkway Railway Station project

Existing GBF funding allocation: £11,999,000	Total project cost as per approved Business Case: £34,512,731
Additional GBF funding sought: £875,000	Total project cost as per application for additional GBF funding: £43,859,319
<p>Key project benefits as stated in the Business Case:</p> <ul style="list-style-type: none"> • Accelerate the pace of housing delivery in Thanet • Stimulate the creation of additional jobs • Generate additional passenger boardings and new rail journeys • Improve the journey time from Thanet to London St Pancras International • Offer enhanced connectivity between areas of deprivation and employment • Increase the use of sustainable transport by offering sustainable access to the station, i.e. electric vehicle charging points and cycle parking spaces • Positively contribute to economic growth by attracting higher skilled workers to the area • Generate increased attractiveness of the area to prospective residents and developers • Reduce unemployment in the local area 	

- 6.8. Kent County Council have confirmed that the forecast project benefits remain unchanged from the original Business Case submission. However, they have also indicated that the increased scope of the archaeological findings will bring further benefits to the area through increased knowledge and understanding of the potentially nationally significant site.
- 6.9. The GBF funding forms part of a wider package of SELEP investment in the project, with a total of £14m awarded through the Local Growth Fund.
- 6.10. Significant progress has been made onsite, with work on the station itself being substantially completed by the end of August 2022. The outstanding station works include tactile wayfinding for visually impaired users to navigate through the station and installation of ticket machines. Furthermore, the Network Change Notice was established on 25 August 2022, which will allow the station to enter into service.

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- 6.11. Prior to the station entering service, there is a need for level crossing and signalling work to be completed. This work is required to ensure the safe running of trains through the station. The level crossing and signalling work is currently at outline design stage and therefore remains an element of uncertainty over the total cost of completing these works. However, according to the programme provided by Kent County Council, it is expected that detailed design will be completed by early 2023 with the level crossing expected to be commissioned in May 2023. Following the completion of the level crossing and signalling works, the station is expected to formally enter service on 22 May 2023.
- 6.12. Kent County Council have confirmed that the GBF funding will be spent in full by 31 March 2023 in accordance with the current expectations of Government.
- 6.13. Further information on the project is provided in Appendix C.

Reasons for seeking additional GBF funding

- 6.14. The project has experienced cost increases due to the impacts of the COVID-19 pandemic, Brexit and current high inflation levels. These costs increases have arisen as a result of the following factors:
- 6.14.1. Significant increases in materials costs, including steel (£114,000 increase in cost), acoustic barrier (£117,000 increase) and the cost of hoarding (£76,000 increase).
 - 6.14.2. Additional costs associated with the provision of safe working practices during the COVID-19 pandemic.
 - 6.14.3. There is a need to implement alternative measures as an interim measure due to significantly extended lead-in times for the supply of microchips. This has resulted in extended lead in times for the Help Points, Customer Information Screens and control systems for the lighting on the cycleway. As an interim measure, it has been necessary to install photocells on the lighting as the required equipment now has a lead-in time of 12 months.
 - 6.14.4. Design-led changes driven by the rail industry and safety considerations.
 - 6.14.5. Increased costs associated with the required level crossing works. Procurement has recently been undertaken for the level crossing works and the costs are higher than anticipated.
- 6.15. Initial cost increases were met by Kent County Council but additional GBF funding is now required to safeguard the level crossing and signalling works which need to be completed before the station can officially open.

Additionality offered by the additional GBF funding

- 6.16. There is a requirement for the level crossing and signalling work to be undertaken before the station can safely enter operation. Consequently, these works (and the full scope of the works detailed in the Business Case) will be delivered regardless of whether additional GBF funding is awarded to support the project. However, provision of additional GBF funding will

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safeguard the delivery of these works in accordance with the agreed programme and will ensure that the station remains on track to enter operation in May 2023.

- 6.17. The additional GBF funding will also help to safeguard the full completion of the archaeological excavations and post-excavation analysis that will bring further benefits to the local area, as well as increased employment and safeguarding of jobs from Thanet Parkway beyond what was originally forecast due to the scale of the excavation.
- 6.18. In the original GBF Business Case, a conventional BCR was not calculated as the project will generate revenues than are greater than the costs. This would result in a net 'negative' cost and therefore a 'negative' BCR. As an alternative, Net Present Value was used as a measure of return from investment and the project was considered to offer High value for money. The ITE considered this approach in advance of the November 2020 Board meeting and confirmed that this was an appropriate approach.
- 6.19. Kent County Council have indicated that calculations have been undertaken which demonstrate that the project continues to offer High value for money as long as the total project cost remains below £54.2m. As set out in Table 2, the total project cost is currently reported to be £43.9m. However, it is acknowledged that the final costs for the level crossing and signalling works are not yet known and therefore this will continue to be closely monitored.

Outstanding risks to project delivery

- 6.20. The delivery of the new station and the car park are predominantly complete, and therefore the main risks relate to the level crossing and signalling work which must be completed prior to the station entering operation.
- 6.21. There continue to be funding risks associated with these works due to inflationary pressures across the construction industry. This is compounded by the fact that the level crossing and signalling works are currently at outline design stage meaning that there is ongoing cost uncertainty.
- 6.22. There is also an identified risk to the delivery programme as there are conflicting track works due to take place during the same period as the Thanet Parkway works. Work is ongoing to establish a suitable solution in relation to the rail possessions, allowing all required works on the network to progress. However, if the works cannot be deconflicted, the delivery of the level crossing and signalling works at Thanet Parkway may be delayed which would result in the opening of the station also being delayed. It should be noted that Thanet Parkway Station will appear in timetables from December 2022 and therefore, if the works are delayed, it will not be necessary to wait for the next timetable change before the station can enter operation.

Compliance with requirements for retention of GBF funding beyond March 2022

- 6.23. Information has been provided to demonstrate how the project meets the requirements agreed by the Board in May 2022 for all projects retaining their respective GBF allocations beyond 31 March 2022. This information is set out in Appendix H and demonstrates that the project meets all the requirements agreed by the Board.

7. Javelin Way Development

Project information

- 7.1. The Javelin Way Development project will support the development of the site for employment use, with a focus on the development of Ashford's creative economy.
- 7.2. The project will deliver 29 light industrial units for sale and/or lease suitable for creative businesses, as well as the general market. These light industrial units will act as an enabling development in order to bring forward the Jasmin Vardimon Dance Laboratory at the site.
- 7.3. The Board approved the award of £578,724 GBF in November 2020 to support delivery of the Javelin Way Development. This funding was spent in full by 31 March 2022 in accordance with the GBF timeline originally specified by Government.
- 7.4. An additional £235,728 GBF funding has been sought by Kent County Council to support delivery of the approved Business Case. In order to cover the increase in total project cost, Kent County Council have increased their financial contribution to the project. The updated funding package is set out in Table 4 below.

Table 4: Updated funding package for the Javelin Way Development project

Funding Source	Original Funding Package £m	Updated Funding Package £m
Kent County Council	5.206	5.862
Arts Council England	3.069	3.069
Ashford Borough Council	0.750	0.750
Growing Places Fund	1.597	1.597
Getting Building Fund	0.579	0.814
Total	11.201	12.092

- 7.5. An overview of the benefits expected to be realised as a result of the GBF investment is provided in Table 5 below.

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Table 5: Overview of the Javelin Way Development project

Existing GBF funding allocation: £578,724	Total project cost as per approved Business Case: £11.201m
Additional GBF funding sought: £235,728	Total project cost as per application for additional GBF funding: £12.092m
<p>Key project benefits as stated in the Business Case:</p> <ul style="list-style-type: none"> • Creation of 171 new jobs (12 within the Creative Laboratory and 159 within the industrial units) • Safeguarding of 12 jobs within the Creative Laboratory, and a further 15-21 freelance roles • Increased student learners and creative internships • Longer term sustainability of Ashford's cultural infrastructure • Growth in creative industries supply chain • Opportunities for business growth • Wider access to cultural and creative education 	

- 7.6. Kent County Council have indicated that the outputs expected to be delivered as a result of the project have changed slightly since submission of the approved Business Case. It was originally reported that 29 light industrial units would be delivered, however, some occupiers have taken the decision to take on more than one unit and combine them into a single unit by not installing the party walls. In addition, the decision as to whether to install mezzanine infrastructure is being taken on a unit by unit basis and therefore the volume of commercial workspace delivered is likely to vary from that set out in the original Business Case.
- 7.7. The GBF funding forms part of a wider package of SELEP investment in the Javelin Way Development project, with a total of £1.597m awarded through the Growing Places Fund.
- 7.8. Delivery of the project is predominantly complete, with final fit out of the Jasmin Vardimon Dance Laboratory in progress. The official opening of the Jasmin Vardimon building is scheduled for 7 December 2022.
- 7.9. The light industrial units have been constructed. There is one unit which remains available, but all other units have been sold or leased.
- 7.10. Kent County Council have indicated that it is expected that the additional GBF funding will be spent in full by 31 December 2022 which meets the current expectations of Government.
- 7.11. Further information on the project is provided in Appendix D.

Reasons for seeking additional GBF funding

- 7.12. The project has experienced cost increases due to the impacts of the COVID-19 pandemic, Brexit and current high inflation levels. These cost increases have arisen as a result of the following factors:
- 7.12.1. Increased costs associated with ensuring a safe working environment during the COVID-19 pandemic. These costs arose due to the need for increased cleaning across the site and the requirement to provide additional staff welfare facilities to enable social distancing. Page 82 of 303

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- 7.12.2. Significantly increased materials costs, with the following items being most impacted: hot rolled steel frame and cladding (26% increase), windows (36% increase), doors/screens and roller shutters (36%+ increase) and pre-cast concrete (56% increase).
- 7.12.3. Extended delivery times for certain items purchased from outside the United Kingdom due to border delays at customs following Brexit. This has resulted in an extended delivery programme, which has led to increased costs.

Additionality offered by the additional GBF funding

- 7.13. Kent County Council have indicated that, without the additional GBF funding, there is a risk that the project will not breakeven due to the increase in costs reported.
- 7.14. Also, as a consequence of the increase in project costs, it has not been possible for certain elements of the original project scope, such as solar panels, to be delivered. In addition, the quality of the fit out of the Jasmin Vardimon Dance Laboratory and the light industrial units has been reduced due to increasing costs. Award of additional GBF funding will allow these elements to be re-examined.
- 7.15. At the time of the original GBF Business Case submission, the BCR was reported to be 2.45:1. Kent County Council have provided updated Value for Money calculations which demonstrate that the project continues to offer a BCR of 2.37:1 and therefore continues to offer High value for money.

Outstanding risks to project delivery

- 7.16. As delivery of the project is predominantly complete, there are no significant risks remaining.
- 7.17. At the time of submission of the application for additional GBF funding, there were some outstanding utility connections which had the potential to delay project completion, however, these connections have now been completed.
- 7.18. The only other risk identified by Kent County Council relates to the sale or lease of the light industrial units. It is expected that all units will be sold or leased in advance of the official opening of the Jasmin Vardimon Dance Laboratory on 7 December 2022, however, at the current time there is one industrial unit which is not currently under offer.

Compliance with requirements for retention of GBF funding beyond March 2022

- 7.19. Information has been provided to demonstrate how the project meets the requirements agreed by the Board in May 2022 for all projects retaining their respective GBF allocations beyond 31 March 2022. This information is set out in Appendix H and demonstrates that the project meets all the requirements agreed by the Board.

8. Tindal Square, Chelmsford

Project information

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- 8.1. The Tindal Square project will create a new civic square of over 3,000 sqm that provides a destination space for arts, events and celebrations outside Shire Hall in Chelmsford city centre.
- 8.2. The project will create a public space where pedestrians will have priority and cyclists will be able to move through the space between identified gateway points giving care to more vulnerable users.
- 8.3. All existing surfacing will be replaced with quality/robust new paving, including a radial design pattern extending from Shire Hall. Existing street clutter will be removed and replaced with other co-ordinated street furniture, wayfinding signage and tree planting. The scheme will also provide a new accessible entrance to Shire Hall, which is a Grade 2* Listed Building.
- 8.4. The project will remove motorised traffic from this part of the City Centre, reducing carbon emissions and improving air quality, whilst introducing a shared pedestrian space with a key cycle connection route through the space.
- 8.5. The Board approved the award of £750,000 GBF in November 2020 to support delivery of the Tindal Square project. This funding was spent in full by 31 March 2022 in accordance with the GBF timeline originally specified by Government.
- 8.6. An additional £450,000 GBF funding was sought by Essex County Council to support delivery of the approved Business Case. However, following conversations at the Success Essex Board meeting on 31 October 2022, it was agreed to reduce the GBF funding ask to ensure that the three Success Essex projects identified as priorities could all receive additional GBF funding to support delivery. As a result of this decision, and subsequent approval by the Strategic Board, the Tindal Square project is currently seeking additional GBF investment of £331,819. Chelmsford City Council (as delivery partner) have committed to bridging the resultant funding gap to ensure that the project can be delivered in accordance with the agreed Business Case.
- 8.7. Due to significant cost increases, there have been a number of changes to the funding package since the original GBF Business Case was agreed by the Board. The updated funding package is set out in Table 6 below.

Table 6: Updated funding package for the Tindal Square project

Funding Source	Original Funding Package £m	Updated Funding Package £m
Getting Building Fund	0.750	1.082
Community Infrastructure Levy	1.955	2.243
S106 Contributions	0.520	0.685
Chelmsford City Council Capital Programme	0.135	0.278
Total	3.360	4.288

- 8.8. An overview of the benefits expected to be realised as a result of the GBF investment is provided in Table 7 below.

Table 7: Overview of the Tindal Square project

Existing GBF funding allocation: £750,000	Total project cost as per approved Business Case: £3.36m
Additional GBF funding sought: £331,819	Total project cost as per application for additional GBF funding: £4.288m
<p>Key project benefits as stated in the Business Case:</p> <ul style="list-style-type: none"> • Jobs – Indirectly supporting retail and food and beverage jobs in the centre by encouraging visits, increased footfall, events space and longer dwell time. • Footfall – As part of a wider improvement across the City Centre and linked to the retail development at Bond Street, the public realm programme will support increased footfall in the city centre, creating a quality environment where visitors will be likely to stay longer and support the retail and leisure offer of the City Centre. • New investment – creation of 4 new restaurants/shops in the Shire Hall building, creating an estimated 100 new jobs. • Construction jobs during build – 50 jobs supported for a 6 month period. • Creation of a new space for events – the City’s first Festival of Arts and Culture in 2018 generated an economic impact of £1.1m supporting 16 FTE jobs. The project will add a further City Centre space for similar events in the coming years. • Reduction in motorised traffic and from this part of the City Centre, lowering carbon emissions and improving air quality. • Retaining a key link in the City Centre’s cycle network to encourage increased cycling in the city centre. 	

- 8.9. Essex County Council have confirmed that the forecast project benefits remain unchanged from the original Business Case submission.
- 8.10. Delivery of the project in continuing onsite and it has been confirmed that all major utilities have now been diverted. In addition, the new paving is being installed and the ten tree pits have been completed.
- 8.11. Work is underway to remove the current steps outside the Shire Hall and to replace these with a new access ramp and ambulant steps.
- 8.12. It is expected that the majority of the project will be completed in advance of Christmas 2022, with the remaining works required to cease over the Christmas period so as not to impact on the City Centre during the busy period.
- 8.13. It has been confirmed that the construction programme is due to complete in January 2023, and therefore the additional GBF funding will be spent in full by 31 March 2023 in accordance with the current expectations of Government.
- 8.14. Further information on the project is provided in Appendix E.

Reasons for seeking additional GBF funding

- 8.15. The project has experienced cost increases due to the impacts of the COVID-19 pandemic, Brexit and current high inflation levels. These cost increases have arisen as a result of the following factors:

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- 8.15.1. Inflation rates have increased significantly during the construction period and there is scope within the construction contract for elements of these cost increases to be passed onto Chelmsford City Council, as the client. Increased costs have been incurred in relation to fuel, site compound costs and materials.
- 8.15.2. Brexit related impacts including longer than expected lead in times for materials/ equipment being imported from EU countries. In addition, the utility companies have suffered from a severely depleted workforce as a result of Brexit and COVID which has resulted in a delay in delivering required works. This has meant that construction programmes have been extended and additional costs incurred.
- 8.15.3. COVID-19 related impacts including delays to worldwide materials supplies due to ongoing lockdowns and implementation of additional safety measures needed to protect the workforce, including provision of an additional site office and increased cleaning.

Additionality offered by the additional GBF funding

- 8.16. The additional funding will ensure that the full project scope, as per the approved Business Case, can be delivered. This will safeguard the forecast project benefits and deliver maximum benefit to the City Centre.
- 8.17. Without the additional funding, it will not be possible to deliver the full scope as per the Business Case due to increased project costs.

Outstanding risks to project delivery

- 8.18. The project is nearing completion and therefore the majority of the risks to project delivery have been mitigated. However, there is an ongoing risk associated with the availability of labour and extended lead-in times for remaining key materials and supplies.
- 8.19. The only other risk identified is the potential need for the project scope to be reduced to mitigate the increase in total project cost. As outlined above, it is expected that the project can be delivered in accordance with the scope set out in the original Business Case if additional GBF funding is awarded.

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

- 8.20. There is a requirement within the SELEP Assurance Framework for all projects to demonstrate a Benefit Cost Ratio (BCR) of at least 2:1 if funding is to be secured. However, 2 exemptions to this requirement are set out within the Assurance Framework.
- 8.21. If projects are to be considered for investment under Value for Money Exemption 1, all 5 of the following criteria must be met:
 - 8.21.1. the project has a Benefit Cost Ratio greater than 1.5:1, or the project benefits are notoriously difficult to appraise in monetary terms; and
 - 8.21.2. the funding sought from the SELEP Ltd is less than £2m; and

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- 8.21.3. to conduct further quantified and monetised economic appraisal would be disproportionate to the capital funding ask; and
 - 8.21.4. there is an overwhelming strategic case (with minimal risk in the other cases of the Business Case); and
 - 8.21.5. there are qualitative benefits which, if monetised, would most likely increase the Benefit Cost Ratio above 2:1.
- 8.22. The Tindal Square, Chelmsford project applied this Value for Money exemption at the time of the award of the existing £750,000 GBF funding and have sought to continue their reliance on this exemption in relation to award of additional GBF funding. Continued compliance with the above criteria has been considered by the Independent Technical Evaluator as part of their assessment as set out below.

Outcome of ITE Assessment

- 8.23. As the GBF funding ask for the project continues to be under £2m, Value for Money Exemption 1 has been applied appropriately by the scheme promoter. The scheme promoter has identified numerous benefits, including enabling the separate redevelopment of the Shire Hall, which has been vacant since 2012, and supporting the post-COVID-19 recovery of footfall in the city centre. Based on these factors they estimate a BCR or 'multiplier' of 3 to 1.
- 8.24. Cost increases have been described in detail and have occurred due to the impacts of Brexit, the COVID-19 pandemic and inflation. These factors have affected the cost and availability of materials and other needs of the scheme promoter, and without additional funding there will be a need to 'de-scope' the remainder of the scheme. There are no other acute barriers to delivery as mitigation is in place for remaining risks.
- 8.25. The strategic case for the Project is as before and exhibits very strong alignment with local, regional and national policy priorities. Public realm improvements are notoriously difficult to appraise in monetary terms and there are often a number of qualitative benefits attached to them.
- 8.26. Based on the information provided, the ITE is satisfied that the project continues to meet the requirements of Value for Money Exemption 1, as set out in the SELEP Assurance Framework.

Compliance with requirements for retention of GBF funding beyond March 2022

- 8.27. Information has been provided to demonstrate how the project meets the requirements agreed by the Board in May 2022 for all projects retaining their respective GBF allocations beyond 31 March 2022. This information is set out in Appendix H and demonstrates that the project meets all the requirements agreed by the Board.

9. The Observer Building, Hastings

Project information

Getting Building Fund funding decisions and extension requests

- 9.1. The Observer Building has been empty for 35 years and has become increasingly derelict over that period of time. This project seeks to transform the building and bring it back into highly productive use, offering a variety of uses including commercial, leisure and residential.
- 9.2. The project seeks to offer opportunities for those in the hardest to reach economically deprived communities in Hastings and has a key role to play in catalysing the wider revitalisation of Hastings Town Centre.
- 9.3. The Board approved the award of £1.713m GBF in October 2020 to support delivery of the Observer Building project. This funding was spent in full by 31 March 2022 in accordance with the GBF timeline originally specified by Government.
- 9.4. An application seeking additional GBF investment of £650,000 in the project was submitted by East Sussex County Council, however, it was noted that additional investment of this scale would result in the BCR falling below 2:1 and therefore this request was not taken forward. An alternative additional investment of £315,000 was set out within the application form and it was indicated that, with this investment, the BCR would remain above 2:1. Therefore, at this meeting the Board are asked to consider the award of an additional £315,000 to support delivery of the approved Business Case.
- 9.5. Due to a number of factors, including cost increases and broadening of the project scope, there have been a number of changes to the funding package since the original GBF Business Case was agreed by the Board. The updated funding package is set out in Table 8 below.

Table 8: Updated funding package for the Observer Building project

Funding Source	Original Funding Package £m	Updated Funding Package £m
Other grants and loans	0.811	3.317
Growing Places Fund	1.750	3.367
Getting Building Fund	1.713	2.028
Reserves and earned income	0	1.640
Total	4.274	10.352

- 9.6. An overview of the benefits expected to be realised as a result of the GBF investment is provided in Table 9 below.

Table 9: Overview of the Observer Building project

Existing GBF funding allocation: £1.713m	Total project cost as per approved Business Case: £4.274m
Additional GBF funding sought: £315,000	Total project cost as per application for additional GBF funding: £10.687m
<p>Key project benefits as stated in the Business Case:</p> <ul style="list-style-type: none"> • Increased capacity to support jobs in Hastings through creation of new office, co-working and retail space. • Life-changing opportunities for people from excluded groups, especially people who struggle to access suitable housing, people experiencing mental health issue and those with low levels of education. • Creation of 66 new jobs and safeguarding of 4 jobs. • Creation of 14 construction jobs. • Unlocking of 15 housing units (to be delivered through alternative funding sources). • Delivery of 2,102 sqm of commercial floorspace. • 40 businesses assisted. • Provision of 39 broadband connections. • 81,000kg of CO² emissions avoided. 	

- 9.7. Since the submission of the approved GBF Business Case, the delivery partner has produced an updated Business Case seeking drawdown of the second tranche of the Growing Places Fund funding allocated to the project. The benefits expected to be realised as a result of the wider project have been reviewed in the updated Business Case but to minimise the risk of double counting benefits across two funding streams, the benefits stated in the original GBF Business Case have been reiterated above.
- 9.8. As referenced above, the GBF funding forms part of a wider package of SELEP investment in IPM, with the project having received a total Growing Places Fund loan investment of £3.3665m.
- 9.9. The project has been progressing onsite and the majority of the major renovation works were completed by July 2022, however, installation of the lift remains outstanding. There are some elements of the project which have not yet been brought forward, including installation of new windows in the southern elevation and renovation of the front façade of the building.
- 9.10. Tenants have started to occupy space in both the alley level of the building and in the office spaces on the first floor.
- 9.11. The additional GBF funding will be used to enable the installation of the windows in the southern elevation and to complete the re-rendering of the west façade of the building. These works are expected to be undertaken in November 2022. Furthermore, the additional GBF funding will be used to support the partial completion of façade repairs needed to the building. It is expected that these works will be completed in March 2023.
- 9.12. Confirmation has been provided that the additional GBF funding will be spent in full by 31 March 2023 in accordance with the current expectations of Government.
- 9.13. Further information on the project is provided in Appendix F.

Getting Building Fund funding decisions and extension requests

Reasons for seeking additional GBF funding

- 9.14. The project has experienced cost increases due to the impacts of the COVID-19 pandemic, Brexit and current high inflation levels. These cost increases have arisen as a result of the following factors:
- 9.14.1. Significant cost increases encountered during the procurement process. The cost increases have arisen as a result of supply chain issues arising from both the COVID-19 pandemic and Brexit, rising inflation levels and longer lead in times for some items.
- 9.15. Value engineering and additional fundraising have been undertaken and it has been possible to complete most of the works included in the construction contract. However, there remain some works which it has not been possible to fully fund and therefore additional GBF funding has been sought.

Additionality offered by the additional GBF funding

- 9.16. The award of additional GBF funding would allow an order to be placed for the tiles required for the façade works and would enable the installation of the new windows. This will release loan funding to allow the completion of the façade improvements.
- 9.17. Without the additional funding, it will not be possible for the façade works to be completed at this time. Completion of the façade works will help identify the Observer Building as a new destination building in the centre of Hastings.
- 9.18. The BCR set out in the original approved GBF Business Case was 2.2:1. The BCR considers the wider project and takes into account all funding sources and was therefore updated when the delivery partner applied for the second tranche of the Growing Places Fund funding allocated to the project. The Growing Places Fund Business Case demonstrated a BCR of 2.17:1.
- 9.19. In light of the request for additional GBF funding, the BCR has been revisited once again and it is now reported to be 2.14:1 when considering the additional £315,000 GBF funding set out within this report. On this basis, the project continues to offer High value for money.

Outstanding risks to project delivery

- 9.20. The project is well progressed and consequently, only one risk to delivery has been identified.
- 9.21. The key risk to project delivery which remains is ongoing cost uncertainty. Updated costs for the remaining works have been sought but these prices will only be held for a short period. Therefore, it is likely that the costs will need to be revisited which may lead to a further cost increase.

Compliance with requirements for retention of GBF funding beyond March 2022

- 9.22. Information has been provided to demonstrate how the project meets the requirements agreed by the Board in May 2022 for all projects retaining their respective GBF allocations

Getting Building Fund funding decisions and extension requests

beyond 31 March 2022. This information is set out in Appendix H and demonstrates that the project meets all the requirements agreed by the Board.

10. ASELA LFFN – Phase 3

Project information

- 10.1. The Association of South Essex Local Authorities (ASELA) LFFN – Phase 3 project is a continuation of the DCMS (Phase 1) and GBF (Phase 2) funded project. The LFFN project seeks to deliver fibre connectivity across the South Essex region, with the aim of realising benefits for local businesses and communities. Access to fibre connectivity allows these businesses and communities to flourish in a post COVID-19 world.
- 10.2. Delivery of Phase 3 of the project would allow the extension of fibre infrastructure across the South Essex region allowing work in some key ‘Not Spot’ areas which have not yet benefited from investment. In addition, the GBF funding will enable the fibre infrastructure to be linked with the Southend region fibre network, which will have significant benefits for the whole ASELA region in terms of sharing of services, cost savings and supporting the rollout of a pan ASELA Internet of Things (IoT) network to include the Southend area.
- 10.3. The original £2.5m GBF allocation to support Phase 2 of the project was awarded in October 2020. It wasn't possible for this funding to be spent in full by 31 March 2022 in line with original Government expectations, however, the funding has now been spent. A short extension into Q2 2022/23 was required to allow time for unexpected duct blockages to be resolved.
- 10.4. Whilst the GBF funding has been spent in full, delivery of Phase 2 of the project is ongoing using match funding sources. Delivery is nearing completion and is expected to conclude in Q3 2022/23.
- 10.5. Funding for Phase 3 of the project consists solely of the £500,000 GBF funding detailed in this report.
- 10.6. An overview of the benefits expected to be realised as a result of the GBF investment is provided in Table 10 below.

Table 10: Overview of the ASELA LFFN Phase 3 project

GBF funding allocation: £500,000	Total project cost: £500,000
<p>Key project benefits as stated in the Business Case:</p> <ul style="list-style-type: none"> • Provision of the infrastructure required to help local businesses and communities to grow and flourish post COVID-19. • By enabling additional public sector sites this will stimulate further investment from the private sector to realise access to a fibre to the premise solution with a consequent tangible impact in lifting local GVA and supporting local business investment and growth. • Retaining existing businesses and attracting new business sectors to the South Essex Corridor will result in an increase in Business Rates and a return on Business Rate retention. • Attract to the South Essex Corridor new growth sectors (advanced manufacturing, environmental technologies and energy, digital and creative services, life sciences and healthcare) which will generate higher skilled job opportunities for local residents and consequently higher wages. 	

10.7. A programme has been provided which demonstrates both project delivery and full spend of the GBF funding by 31 March 2023 as required. It is intended that the Delivery Plan and Change Control will be completed in December 2022, with rollout of the fibre infrastructure taking place between January and March 2023.

10.8. Further information on the project is provided in Appendix G.

Reasons for seeking GBF funding

10.9. If GBF funding is not awarded to support delivery of the project, progress towards provision of full fibre across the whole region will be severely impacted. This will have a detrimental impact on the Government's drive to stimulate the economy post COVID-19. In addition, businesses and communities will be put at a disadvantage with a consequent impact on future opportunities, growth and well-being.

10.10. It is acknowledged within the Business Case that the need for improved connectivity will eventually be addressed by the market but there is a risk that areas of the South Essex region will be left behind in the meantime.

Outstanding risks to project delivery

10.11. It is intended that the project will be delivered using the processes which have been established during the delivery of Phases 1 and 2. Project governance is already in place with the current contractor and any risks are being addressed as they are identified.

10.12. Risks to project delivery are reviewed at monthly ASELA Programme Board meetings and at weekly project team meetings with the supplier and sub-contractor. Through actively managing risks, it is possible for mitigation measures to be put in place where an impact on project delivery is identified.

Value for Money Exemption 2 as set out in the SELEP Assurance Framework

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10.13. There is a requirement within the SELEP Assurance Framework for all projects to demonstrate a Benefit Cost Ratio (BCR) of at least 2:1 if funding is to be secured. However, 2 exemptions to this requirement are set out within the Assurance Framework.

10.14. If projects are to be considered for investment under Value for Money Exemption 2, all 5 of the following criteria must be met:

10.14.1. the project has a Benefit Cost Ratio greater than 1:1, and

10.14.2. there is an overwhelming strategic case that supports the prioritisation of this project in advance of other unfunded investment opportunities identified in the Economic Strategy Statement or other strategy; and

10.14.3. there is demonstrable additionality which will be achieved through investment to address a clear market failure; and

10.14.4. there are no project risks identified as high-risk impact, and with high probability of that risk occurring, after risk mitigation measures have been considered; and

10.14.5. there are assurances provided from at least one of the organisations identified below that the project business case, including value for money, has been considered and the organisation have approved the project for funding through their own assurance processes:

10.14.5.1. a Government department;

10.14.5.2. Highways England (now National Highways);

10.14.5.3. Network Rail;

10.14.5.4. Environment Agency;

10.14.5.5. Skills Funding Agency (now Education and Skills Funding Agency);
or

10.14.5.6. Other Government Agency.

10.15. The ASELA LFFN – Phase 3 project has sought to apply this Value for Money Exemption and compliance with the above criteria has been considered by the ITE as part of their assessment as set out below.

Outcome of ITE Assessment

10.16. The strategic case exhibits strong alignment with SELEP's strategic priorities. The project aims to stimulate private investment in places with a lack of digital connectivity and promote innovation and integration between public sector organisations. It is identified within the Business Case that the project will provide opportunities for workers across the South East by creating up to 175 jobs with the provision of full fibre. The project may support the 'Green Recovery' by encouraging home working by providing adequate digital infrastructure for telecommuting, hot desking and other working practices that reduce the need to travel.

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- 10.17. Value for Money Exemption 2 has been applied appropriately by the scheme promoter. A robust qualitative justification for the scheme is provided in terms of evaluating benefits. The approach adopted in the Business Case mirrors that which was applied in the Business Case submitted to DCMS to secure the funding for Phase 1 of the project.
- 10.18. Moderate uncertainties are still present in the Business Case, including there being limited information around how the 175 forecast jobs will be created; insufficient clarity on what the demand for the scheme is from private sector stakeholders, and/or how this has been ascertained; and a lack of any cost contingency.
- 10.19. These uncertainties have prevented the project from being recommended as having higher than Medium certainty despite a reasonably strong strategic rationale and experience of successfully delivering of similar schemes (i.e. Phases 1 and 2).

Compliance with requirements for retention of GBF funding beyond March 2022

- 10.20. Information has been provided to demonstrate how the project meets the requirements agreed by the Board in May 2022 for all projects retaining their respective GBF allocations beyond 31 March 2022. This information is set out in Appendix H.
- 10.21. Whilst the project meets the majority of the requirements agreed by the Board, contractual commitments for delivery of the project are not yet in place. These contractual commitments cannot be put in place until the outcome of the application for additional GBF funding has been confirmed. If the Board agree the award of funding to the project at this meeting, ASELA has in place a benchmarking procurement process which will ensure that contractual commitments are put in place during December 2022, allowing delivery of the project to complete in March 2023.
- 10.22. If the Board approve the award of funding to the project, progress towards establishing contractual commitments for delivery of the project will be closely monitored to ensure that delivery of the project and spend of the GBF funding can be achieved by March 2023.

11. Next Steps

- 11.1. As set out in Section 3 of this report, the award of any additional GBF funding to any of the projects outlined in this report is contingent upon receipt of Government approval for the increase in GBF funding allocation (for all projects except ASELA LFFN – Phase 3) or the inclusion of the project within the GBF programme (ASELA LFFN – Phase 3 only).
- 11.2. If a response from Government is not received in advance of the Board meeting, steps will be taken to secure a response as quickly as possible following the meeting.
- 11.3. Following the approval of the award of additional GBF funding by the Board and Government, there will be a requirement to complete Variation Agreements which update the Service Level Agreements in place between the relevant Upper Tier Local Authorities, SELEP Ltd and Essex County Council (as the Accountable Body for SELEP). No funding will be issued to local partners until the relevant Variation Agreements have been completed.

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- 11.4. In accordance with standard reporting processes, each project in receipt of additional GBF funding will be required to provide an update on delivery and spend of the GBF funding at each subsequent Board meeting until delivery of the project has completed. Any risks with regard to spend of the GBF by the end of 2022/23 will be presented to the Board at the next meeting.

12. Financial Implications (Accountable Body comments)

- 12.1. The Accountable Body is currently holding the returned GBF funding for allocation out to Projects, subject to approval by the Board.
- 12.2. 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.
- 12.3. GBF is allocated through a grant determination from MHCLG (now renamed the Department for Levelling Up, Housing and Communities) via section 31 of the Local Government Act 2003; this is subject to the following condition:

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

- 12.4. 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.
- 12.5. SELEP have discussed the proposed approach regarding the retention of GBF funding beyond March 2022 with Government and it was confirmed that no additional governance or approvals would be required from Government in this respect.
- 12.6. All GBF will be transferred to the sponsoring authority under the terms of a Funding Agreement or SLA.
- 12.7. The Agreements set out the circumstances under which funding may have to be repaid should it not be utilised in line with the conditions of the grant or in accordance with the Decisions of the Board.
- 12.8. Should the Board approve the award of GBF, a variation agreement will be put in place to the existing GBF service level agreement (SLA) in place between the Accountable Body, SELEP Ltd and the lead authority.
- 12.9. The Accountable Body will not transfer GBF awarded by the Board until the variation agreement is complete.

13. Legal Implications (Accountable Body comments)

- 13.1. The terms set out in the grant conditions between the Accountable Body and Central Government for the Getting Building Fund will set out how the GBF is to be administered and used. If the recommendation to award funding to the projects is approved, a variation agreement will be put into place between the Accountable Body, SELEP Ltd and the lead authority.

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 – Report of the Independent Technical Evaluator
- 15.2. Appendix B – Innovation Park Medway – Sustainable City of Business project Information
- 15.3. Appendix C – Thanet Parkway Railway Station project information
- 15.4. Appendix D – Javelin Way Development project information
- 15.5. Appendix E – Tindal Square, Chelmsford project information
- 15.6. Appendix F – The Observer Building, Hastings project information
- 15.7. Appendix G – ASELA LFFN Phase 3 project information
- 15.8. Appendix H – Compliance with conditions for GBF spend beyond 31 March 2022

16. List of Background Papers

- 16.1. [Innovation Park Medway – Sustainable City of Business – application for additional GBF funding](#)
- 16.2. [Thanet Parkway Railway Station – application for additional GBF funding](#)
- 16.3. [Javelin Way Development – application for additional GBF funding](#)
- 16.4. [Tindal Square, Chelmsford – application for additional GBF funding](#)

Getting Building Fund funding decisions and extension requests

16.5. [The Observer Building, Hastings – application for additional GBF funding](#)

16.6. [ASELA LFFN Phase 3 - project Business Case](#)

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

Role	Date
Accountable Body sign off Michael Neumann (on behalf of Nicole Wood, S151 Officer, Essex County Council)	16/11/2022

Independent Technical Evaluator - Business Case Assessment – Q3 2022/23 Report

Independent Technical Evaluator - Business Case Assessment – Q3 2022/23 Report

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1 Independent Technical Evaluation of Getting Building Fund Schemes

Overview

- 1.1 Steer was reappointed as the South East Local Enterprise Partnership's Independent Technical Evaluator in April 2022. It is a requirement of Central Government that every Local Enterprise Partnership subjects its business cases and investment decisions 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 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 DLUHC 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, DLUHC'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.

Change Requests

- 1.11 The SELEP Assurance Framework states that any variations to a project’s costs, scope, outcomes or outputs from the information specified in the Business Case must be reported to the Accountability Board. When the changes are expected to have a substantial impact on forecast project benefits, outputs and outcomes as agreed in the business case which may detrimentally impact on the Value for Money assessment, it is expected that the business case should be re-evaluated by the ITE.
- 1.12 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/Medium certainty**
- 1.13 The following scheme is estimated to represent **High value for money** with a **High to Medium certainty** of achieving this level of value for money.
- Tindal Square, Chelmsford*
- 1.14 Chelmsford City Council has made a change request regarding a material increase in the costs of the Tindal Square, Chelmsford scheme. Overall, the Getting Building Fund ask is set to change from £750,000 to £1,081,819 (i.e. by £331,819).
- 1.15 The scope of the scheme remains the creation of a new public square in Chelmsford of over 3,000 sqm, intended to serve as a space for events and general pedestrian and cyclist use. This is being achieved by relaying all existing surfacing, improving street furniture and planting trees. In addition, a more accessible entrance to Shire Hall is being put in place. A key cycle route will run through the space, which will now be closed to motor traffic. Works are underway and are expected to be completed in January 2023.
- 1.16 As the scheme’s funding ask was and continues to be under £2 million, value for money exemption 1 (from conducting a monetised economic appraisal) has been applied appropriately by the scheme promoter. However, the scheme promoter has identified numerous benefits, including enabling the separate redevelopment of the Shire Hall, which has been vacant since 2012, and supporting the post-Covid recovery of footfall in the city centre. Based on this they estimate a benefit cost ratio or ‘multiplier’ of 3 to 1.
- 1.17 Cost increases have been described and disaggregated in detail. They have occurred due to the exogenous impacts of Brexit, Covid-19 and inflation. These factors have affected the cost and availability of materials and other needs of the scheme promoter, and without additional funding there will be a need to ‘de-scope’ the remainder of the scheme. There are no other acute barriers to delivery as mitigation is in place for remaining risks.
- 1.18 The reasons for requesting additional monies are clear and appear to be reasonable. Despite the new ask remaining under £2 million, this is a high value and potentially transformative scheme. Based on this, our advice is that if the scheme experienced any further significant cost escalations or delays it would be a challenge to continue to certify it as meeting the requirements of the value for money exemption.
- 1.19 The strategic case for the scheme is as before and exhibits very strong alignment with local, regional and national policy priorities. Public realm improvements are notoriously difficult to appraise in monetary terms and there are often a number of qualitative benefits attached to them. Though the scheme promoter has estimated a benefit cost ratio of 3 to 1, our assessment is that there is a **High to Medium** certainty of achieving a ratio of at least 2 to 1, which would represent **High** value for money.

Getting Building Fund

1.20 One business case has been assessed for schemes seeking a Getting Building Fund allocation. Below are our recommendations to the Accountability Board, including key findings from the evaluation process and details of any issues arising.

1.21 With the scheme not yet at full business case stage, there remains some residual risk to value for money and deliverability until all contractor costs are confirmed.

High value for money, Medium certainty

1.22 The following scheme is estimated to represent **High value for money** with a **Medium certainty** of achieving this level of value for money.

Extension of Phase 2 ASELA LFFN (LFFN Phase 3) (£0.5m)

1.23 The scheme is an extension of the Association of South Essex Local Authorities (ASELA) Local Full Fibre Network (LFFN) rollout of full fibre infrastructure across South Essex into a ‘Phase 3’. Phases 1 and 2 have already provided over 200 kilometres of fibre cabling in the region and the proposed Phase 3 will mean that further cabling is laid down. The scheme promoter has said that the extra fibre cabling delivered through the GBF funding is particularly important as it will enable connection to Southend’s regional fibre network and cover areas that haven’t yet had access to full fibre infrastructure.

1.24 The strategic case exhibits strong alignment with SELEP’s strategic priorities. The scheme aims to stimulate private investment in places with a lack of digital connectivity and promote innovation and integration between public sector organisations. It should also allow the public sector to make substantial cost savings due to the 15-year IRU² agreement in place. It is identified within the business case that the scheme will provide opportunities for workers across the South East by creating up to 175 jobs with the provision of full fibre. The scheme may support the ‘Green Recovery’ by encouraging home working by providing adequate digital infrastructure for telecommuting, hot desking and other working practices that reduce the need to travel.

1.25 Value for money exemption 2 (from conducting a monetised economic appraisal) has been applied appropriately by the scheme promoter. A robust qualitative justification for the scheme is nevertheless provided in terms of evaluating benefits. A quantification of some of the benefits is also provided.

1.26 Moderate uncertainties are still present in the business case, including there being limited information around how the 175 forecast jobs will be created; insufficient clarity on what the demand for the scheme is from private sector stakeholders, and/or how this has been ascertained; and a lack of any cost contingency. The routing of the fibre cabling has not been confirmed.

1.27 This has prevented the scheme from being recommended as having higher than **Medium certainty** despite a reasonably strong strategic rationale and experience of successfully delivering of similar schemes (i.e. Phases 1 and 2).

² Indefeasible Rights of Use

Table 1.1: Gate 1 & 2 Assessment of Getting Building Fund Business Case(s) for Q3 2022/23

Scheme	SELEP Allocation	Benefit to Cost Ratio ('x' to 1)	Strategic Dimension Rating	Economic Dimension Rating	Commercial Dimension Rating	Financial Dimension Rating	Management Dimension Rating	Assurance of Value for Money		Level of Overall Uncertainty
								Reasonableness of Analysis	Robustness of Analysis	
Extension of Phase 2 ASELA LFFN	£0.5m	VfM exemption applied	Green	Green	Green	Amber	Green	Strategic Case for the scheme is strong, with a clear need for intervention explained and a wide range of potential benefits outlined. However, its clarity is limited by the lack of a bespoke logic map. Commercial Case describes a fairly straightforward and reasonable approach to procurement but would have benefitted from more specificity around the nature of the works being procured and the contracting strategy. Management Case is mostly reasonable, though it is noted that monitoring information was presented in a quarterly reporting spreadsheet rather than a business case template.	Economic Case is simplified due to a value for money exemption being applied. However, it (and particularly the Financial Case) suffer from a lack of consideration of cost contingency for the scheme. Although the scheme promoter cites their successful delivery of similar schemes and intention to transfer any risk to the contractor, our assessment is that there is always some level of residual risk (e.g. in non-contractor costs, or the possibility that exogenous factors may affect the scheme) and that it is inappropriate to not apply a contingency on that basis.	As outlined opposite, overall uncertainty is moderate. A key issue is that forecast job creation is not explained fully. The full set of issues are expounded upon in detail within the Gate 2 review.

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V2.0 Draft for Client

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10 November 2022
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Appendix B – Getting Building Fund Project Background Information

Name of Project	Innovation Park Medway (IPM) – Sustainable City of Business Rochester Airport
Responsible Upper Tier Local Authority	Medway Council
Delivery Organisation	Medway Council
Getting Building Fund value	Original GBF funding allocation: £778,323 Additional GBF funding allocation: £400,000 Total GBF funding allocation: £1,178,323
Project Description	<p>The vision for the IPM site includes Runway Park, which is intended to become the signature open space for the site, offering distinctive character areas which will provide a series of flexible spaces designed to accommodate a range of activities.</p> <p>GBF funding is being sought to enable delivery of one section of the Runway Park. The GBF funding will be used to deliver pavements and footpaths, planting, street furniture and preparatory ground works.</p> <p>The Runway Park will establish itself as the forum for collaboration, bringing businesses and individuals together in the public realm to foster an innovative spirit. The high-quality open space will be key to attracting investors and retaining skilled staff. Early delivery of Runway Park will enable businesses to interact with the wider community and will add to the marketability of the site.</p>
Need for Intervention	<p>IPM presents an important opportunity to help shape the economic future of the region and has been on Medway Council’s regeneration agenda for a significant period of time. The core ambitions for Medway Council and Tonbridge & Malling Borough Council are to strengthen the performance of the local economy, to create jobs in order to secure growth and prosperity, and to realise the potential of the area whilst ensuring the operational longevity of Rochester Airport.</p> <p>This site is designated as employment land within the existing Local Plan 2003, with a vision to develop a science and technology park to operate alongside the working airfield. This project will bring this aspiration closer to reality through delivering the infrastructure required to encourage development on this site. Businesses looking to relocate to this site will be led by the Innovation Park Medway Masterplan, and a design code as part of a Local Development Order, both of which will be driven by Medway Council’s long-term visions for the site.</p> <p>Key project SMART objectives include:</p> <ul style="list-style-type: none"> • Delivering the Runway Park to facilitate and support the development of IPM. These works will make the site attractive to businesses looking to relocate to Medway, allowing the site to be brought forward more quickly. • Bring forward high quality jobs in line with the vision for the site.

	<ul style="list-style-type: none"> • To demonstrate Medway Council’s ongoing commitment to developing a centre for high quality business, science, and technology development. • Continue to attract investment for growth in the South East, in line with SELEP’s over-arching ambition, by providing innovative workspaces.
<p>Reasons for seeking additional GBF funding</p>	<p>Additional GBF investment is required to offset the impacts to the project as a direct result of COVID-19 and cost implications due to economic factors such as inflation, labour/material cost and the impact of Brexit.</p> <p>The COVID-19 pandemic had a significant impact on the construction sector due to the challenges around Health and Safety, availability of resources, materials and labour. Workers having to self-isolate for 14 days or more at the height of the pandemic caused delays and disruption to progress of works. In addition, progress was impacted as a result of the construction industry needing to enforce strict procedural requirements in line with Government restrictions. This contributed to delays on the northern site during the archaeology and ground investigation stage which then impacted the start of the construction programme and caused a further increase in costs. Material costs were rising faster than the tender prices, which added further financial pressures on Medway Council and the appointed contractor.</p> <p>The rise in inflation rates due to COVID-19 and Brexit have directly impacted IPM materials costs. The delays experienced in delivery have also affected the original tender prices which have increased due to inflation rates, although inflation was accounted for in the tender, it was not anticipated that inflation would rise to the extent that it has.</p>
<p>Project benefits</p>	<ul style="list-style-type: none"> • 310 new GVA gross operational jobs, plus construction jobs. • Delivery of the Runway Park will accelerate the delivery of circa 3,000 high GVA jobs and up to 101,000m² of commercial space. • Alongside the core infrastructure, which is currently funded by LGF, the Runway Park will attract future occupants. • The project will encourage businesses to occupy the site where they can benefit from being within an Enterprise Zone due to the reinvestment of rates. Investment will support enhanced land values and unlock further phases of delivery of high-quality commercial space and high GVA jobs. • Development of the IPM will encourage uplift in investment in surrounding industrial estates in Medway. Investment in these sites will prevent the buildings falling into disrepair and will as a result safeguard jobs which already exist in Medway. • Retention of a higher number of graduates from local universities due to offering employment opportunities in highly skilled industries. • Creation of additional jobs within the private sector will reduce the reliance of Medway’s economy on the public sector.

	<ul style="list-style-type: none"> IPM will contribute towards the development of the Thames Gateway through accelerated delivery of growth in jobs. <p>Medway Council have confirmed that the forecast project benefits remain unchanged from the original Business Case submission.</p>												
Additionality offered by the additional GBF funding	<p>The additional £400,000 GBF investment will enable Medway Council to sustain and maintain all of the elements of the original project scope set out within the Business Case to be delivered to the high quality envisaged for the site as set out in the IPM Design Code.</p> <p>Without the £400,000 GBF investment, Medway Council would need to review, and value engineer the materials, and this would require further review from planning. This will cause delays and impact on the current programme. The quality of businesses that the IPM attracts and the ambitions of the LDO and IPM Masterplan will also be adversely impacted and the wider vision for IPM would not be met.</p>												
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Risks to project delivery	<p>A number of risks have been identified in the application for additional GBF funding. The key risks are:</p> <ul style="list-style-type: none"> Additional GBF funding is not forthcoming – if additional GBF investment is not received, the quality of the site will be significantly reduced, and if materials need to be reviewed and value engineered this could result in returning to planning which could cause further delays. Planning consent is not forthcoming – if revised materials are not approved by planning, it will not be possible to proceed with the project as currently planned, and opportunities to maximise the Enterprise Zone benefits will be reduced. No/fewer private sector businesses are interested in building on the site – this will delay the realisation of benefits and impact on Medway Council’s commitment to increase the productivity of Medway’s economy through support of high value employment. COVID-19 – there is a risk of delays to delivery if COVID-19 restrictions are reinstated. 												
Delivery programme	<p>Work is progressing onsite to deliver the footpath and pavement, landscape and public realm, planting and street furniture.</p> <p>It s expected that these works will be completed by March 2023.</p>												
Evidenced compliance with Assurance Framework?	<p>Yes, the project does meet the requirements of the SELEP Assurance Framework. Page 110 of 303</p>												

Link to Project webpage	Innovation Park Medway - Sustainable City of Business - The South East Local Enterprise Partnership (southeastlep.com)
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Appendix C – Getting Building Fund Project Background Information

Name of Project	Thanet Parkway Railway Station Cliffsend, Ramsgate
Responsible Upper Tier Local Authority	Kent County Council
Delivery Organisation	Kent County Council
Getting Building Fund value	Original GBF funding allocation: £11,999,000 Additional GBF funding allocation: £875,000 Total GBF funding allocation: £12,874,000
Project Description	<p>The project will deliver a new train station which will be located approximately 2 miles east of Ramsgate on the Ashford International to Ramsgate line.</p> <p>The proposed station will provide two platforms suitable for use by 12-car trains. Each platform will be fitted with lighting columns that host CCTV cameras and public address speakers; two customer information displays and one passenger help point; and shelters to provide weather protection. Lifts, stairs and an underpass will provide access to the platforms.</p> <p>The station forecourt will include two ticket vending machines, two bus shelters and bus passenger information points. A set down area will be provided for buses, taxis and passenger drop off, together with staff parking.</p> <p>Parking will be provided for 297 cars plus 20 short stay bays for passenger drop off and taxis (including 16 disabled bays and 60 spaces with provision for electric vehicle charging), motorcycles spaces, 40 pedal cycle parking spaces.</p> <p>To provide access to the station, a new direct access road will be provided from the A299 Hengist Way. Pedestrian and cycle access are provided from Cliffsend village via Clive Road, ensuring sustainable access to the station.</p>
Need for Intervention	<p>The East Kent area, specifically the districts of Canterbury, Dover, Shepway and Thanet, suffers from a higher level of deprivation when compared with West Kent and South East England as a whole. Poor accessibility is one factor that has discouraged major employers from locating in the area, which serves to undermine regeneration and has limited the employment catchment for local residents.</p> <p>Thanet's economic challenges stem from its peripheral location as well as a declining ferry port industry and the loss of major employers, such as Pfizer. Historically, there has been an overreliance on specific local employment sectors, such as the ferry industry, education, pharmaceuticals and the seasonal tourism sector.</p> <p>The journey time from London makes Thanet unattractive for potential employers for whom London is the major commercial centre. The ability</p>

	<p>for business travellers to be able to get a train from close to their place of work to/from London is important in business location decisions.</p> <p>Whilst there is capacity in the local workforce to support economic growth, it is also true that the area has lower representation of residents with higher skills levels, which has been a constraint on economic growth in the past. Thanet Parkway station will stimulate additional housing because of the improvement to rail services to London, and that will attract higher skilled residents to the area. In turn, this will attract greater levels of inward investment. Without delivering the project soon, the area will continue to lag further behind the rest of the county (and the South East).</p> <p>The new Thanet Parkway station will reduce the journey time between central London and Thanet to around 1 hour and will therefore improve the attractiveness of the area to businesses. It will also increase the employment catchment area for Thanet residents so that they might be able to live in Thanet and work elsewhere in Kent or London. A parkway station will provide greater opportunity to access London via High Speed 1 and improve access to employment in Canterbury, Ashford and the rest of Kent.</p>
<p>Reasons for seeking additional GBF funding</p>	<p>Since the project was granted planning consent, materials costs have increased significantly with the cost of steel increasing by £114,000, the cost of the acoustic barrier increasing by £117,000 and the cost of hoarding increasing by £76,000.</p> <p>The COVID-19 pandemic also impacted the costs of the archaeological excavation as additional staff welfare provision was needed on site to reduce occupancy levels. Additional cleaning and hygiene requirements were also required by all contractors.</p> <p>A further impact as a result of COVID shutdowns in China has been the reduced supply of microchips, which has increased procurement lead times for the station Help Points, Customer Information Screens and most recently the control systems for the lighting on the cycleway. This has necessitated the installation of photocells on the lighting as an interim measure at additional cost as the required equipment now has a lead time of 12 months.</p> <p>Other factors have also increased the cost of the project, ranging from design-led changes driven by the rail industry and safety considerations, to issues emerging beyond the scope of contingency allowance (such as poor ground conditions needing multiple tonnes of stone to be shipped in from Norway), to continuous winter storms and a scale and significance of finds well beyond any reasonable expectations affecting the duration and extent of archaeological excavations.</p> <p>Most recently (August 2022), Network Rail have advised Kent County Council of a requirement to increase the total project costs again, primarily as a result of the recent procurement for the level crossing works. In 2021, Network Rail were only able to procure a GRIP 1 – 4 contract (outline design) as the provider would not commit to whole project costs given the rapidly changing situation in the construction industry and ongoing uncertainty with COVID-19. Therefore, a contingency was allowed in the Implementation Agreement. The GRIP 5</p>

	– 8 (detailed design and construction) price has now been received and it exceeds that contingency.																										
Project benefits	<ul style="list-style-type: none"> • Accelerate the pace of housing delivery in Thanet • Stimulate the creation of additional jobs • Generate additional passenger boardings and new rail journeys • Improve the journey time from Thanet to London St Pancras International • Offer enhanced connectivity between areas of deprivation and employment • Increase the use of sustainable transport by offering sustainable access to the station, i.e. electric vehicle charging points and cycle parking spaces • Positively contribute to economic growth by attracting higher skilled workers to the area • Generate increased attractiveness of the area to prospective residents and developers • Reduce unemployment in the local area 																										
Additionality offered by the additional GBF funding	<p>The additional GBF funding will ensure full delivery of the project scope by ensuring the financial resources are in place to deliver the level crossing and signalling works, which are essential for the station to open thus securing the realisation of the project benefits.</p> <p>The funding will also help to safeguard the full completion of the archaeological excavations and post-excavation analysis that will bring further benefits to the local area, as well as increased employment and safeguarding of jobs from Thanet Parkway beyond what was originally forecast due to the scale of the excavation.</p>																										
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New Stations Fund 3	0	3.400																									
Total	34.513	43.859																									
Risks to project delivery	<p>The station and car park are predominantly completed. The main risks now sit with the level crossing and signalling work that is a safety-led requirement to enable the station to open to passengers.</p>																										

	<p>There are risks to the funding required given the inflationary pressures across the industry. Additionally, there have been risks to the procurement of equipment given the microchip issues, and risks to the delivery timescales given conflicting track works due to take place around the same time.</p> <p>Kent County Council has been informed that the equipment is now secured and Network Rail are working on a suitable solution for the railway possession requirements for all work on the network, subject to confirmation from Southeastern. Consequently, the current expectation is for the station to open on 22 May 2023, provided the remaining work can be funded.</p>										
<p>Delivery programme</p>	<p>The station building and associated works are expected to be complete by mid-December 2022.</p> <p>The programme for the level crossing works is as set out below.</p> <table border="1" data-bbox="456 757 1506 1025"> <thead> <tr> <th data-bbox="456 757 1198 835">Milestone</th> <th data-bbox="1198 757 1506 835">Expected Completion Date</th> </tr> </thead> <tbody> <tr> <td data-bbox="456 835 1198 875">GRIP Stage 5 – Detailed Design</td> <td data-bbox="1198 835 1506 875">27 January 2023</td> </tr> <tr> <td data-bbox="456 875 1198 916">Commissioning Date</td> <td data-bbox="1198 875 1506 916">21 May 2023</td> </tr> <tr> <td data-bbox="456 916 1198 987">GRIP Stage 6 – Construction, test and commission</td> <td data-bbox="1198 916 1506 987">27 June 2023</td> </tr> <tr> <td data-bbox="456 987 1198 1025">Station Open</td> <td data-bbox="1198 987 1506 1025">22 May 2023</td> </tr> </tbody> </table>	Milestone	Expected Completion Date	GRIP Stage 5 – Detailed Design	27 January 2023	Commissioning Date	21 May 2023	GRIP Stage 6 – Construction, test and commission	27 June 2023	Station Open	22 May 2023
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Station Open	22 May 2023										
<p>Evidenced compliance with Assurance Framework?</p>	<p>Yes, the project does meet the requirements of the SELEP Assurance Framework.</p>										
<p>Link to Project webpage</p>	<p>Thanet Parkway Station (Getting Building Fund) - The South East Local Enterprise Partnership (southeastlep.com)</p>										

Appendix D – Getting Building Fund Project Background Information

Name of Project	Javelin Way Development Javelin Way, Henwood Industrial Estate, Ashford
Responsible Upper Tier Local Authority	Kent County Council
Delivery Organisation	Kent County Council
Getting Building Fund value	Original GBF funding allocation: £578,724 Additional GBF funding allocation: £235,728 Total GBF funding allocation: £814,452
Project Description	<p>Javelin Way is an employment site on the Henwood Industrial Estate in Ashford. The project will support the development of the site for employment use, with a focus on the development of Ashford's creative economy.</p> <p>The scheme consists of two elements:</p> <ul style="list-style-type: none"> • The construction of a 'Creative Laboratory' production space (with a ground floor internal area of 1,293 sqm). This will be leased from Kent County Council by Jasmin Vardimon Company, a world-renowned dance company and creative organisation. • The development of 29 light industrial units (with a gross internal area of 3,046 sqm), for sale and/or lease, suitable for additional creative businesses as well as the general market. Mezzanine floors will be available for the 29 industrial units, with full flexibility on the sizes of mezzanines to meet market demand.
Need for Intervention	<p>Ashford is a strategically important location for population and employment growth, building on its excellent connectivity with London and continental Europe via High Speed One.</p> <p>In recognition of its role as an important growth location, investment in cultural infrastructure is a high priority for Ashford. To this end, Ashford Borough Council published an Arts and Creative Industries Strategy Report in May 2016. This identifies the Jasmin Vardimon Company's presence in Ashford as a strategic asset. The retention and expansion of the company is further identified by the Council as one of the areas 'Big 8' major projects, with the aim of developing high quality cultural facilities as part of Ashford's growth programme.</p> <p>Given that the Jasmin Vardimon Company is the only National Portfolio Organisation based in Ashford, and the only one based in Kent which is engaged in direct production, it provides a 'unique offer'.</p> <p>The Jasmin Vardimon Company has outgrown its' current facilities and has commenced investigations to identify an alternative site. If alternative premises cannot be provided within Ashford, there is a risk that the Jasmin Vardimon Company will relocate outside the SELEP area.</p>

	<p>As well as providing cultural facilities, the Javelin Way project will deliver additional employment space. Ashford Borough Council's Employment Land Sites Assessment (2016) notes that there is a growing demand for smaller industrial units of less than 2,000 sq. ft, with less current supply in this category than in any other type of space, both locally and across the South East.</p> <p>The reasons for this shortfall in supply have been widely researched and are not unique to Kent. They relate to limited growth in rental values, landowner preferences for residential development, and in some cases an overhang of older secondary stock depressing market prices. However, where schemes have come forward, demand has been strong. In the context of Ashford's growth, it is a policy objective to increase capacity for employment of a range of types to complement residential development. Javelin Way is within an industrial area, there is strong planning policy support for a development of this type, and strong grounds to bring forward new industrial space.</p>
<p>Reasons for seeking additional GBF funding</p>	<p>The construction contracted was entered into just as COVID-19 started to hit and the pandemic resulted in further unforeseen costs of £104,269. These costs resulted from a requirement to have higher levels of cleanliness and cleaning across the site in line with government guidance. Social distancing limited the number of trades that could operate alongside each other reducing efficiencies and staff welfare facilities had to be increased.</p> <p>Unforeseen inflation costs of £131,459 also hit the project during the construction period. The largest increases were in the following items: hot rolled steel frame and cladding that rose 26.4%; windows rose 36.46%; doors, screens and roller shutters which rose over 36% and pre-cast concrete which rose 56.48% between January and October 2021.</p> <p>These additional costs totalling £235,728 had to be picked up by Kent County Council.</p> <p>In addition to the above, Brexit has caused issues in terms of delays to delivery of materials which then impact on timelines of the project. The delays were mostly due to getting products into the country due to the issues with border delays at customs. Seeking to put a cost on these however is difficult.</p>

<p>Project benefits</p>	<ul style="list-style-type: none"> • Creation of 171 new jobs (12 within the Creative Laboratory and 159 within the industrial units) • Safeguarding of 12 jobs within the Creative Laboratory, and a further 15-21 freelance roles • Increased student learners and creative internships • Longer term sustainability of Ashford’s cultural infrastructure • Growth in creative industries supply chain • Opportunities for business growth • Wider access to cultural and creative education <p>Kent County Council have indicated that the outputs expected to be delivered as a result of the project have changed slightly since submission of the approved Business Case. It was originally reported that 29 light industrial units would be delivered, however, some occupiers have taken the decision to take on more than one unit and combine them into a single unit by not installing the party walls. In addition, the decision as to whether to install mezzanine infrastructure is being taken on a unit by unit basis and therefore the volume of commercial workspace delivered is likely to vary from that set out in the original Business Case.</p>																					
<p>Additionality offered by the additional GBF funding</p>	<p>Without the additional funding from SELEP, there is the potential that the project will not breakeven. These additional costs have meant that certain elements of the project cannot be delivered (such as potential environment benefits (e.g. solar panels)). The increased costs have led to curtailment of the quality of the fit-out of the Jasmin Vardimon Company’s Dance Laboratory and the Industrial Units. With the additional funding, these elements can be re-examined.</p>																					
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<p>Risks to project delivery</p>	<p>Project risks are mostly closed out as the project is nearing completion but there remain a few utility connection issues that have contributed to significant delays on the project. These utility connections have now been completed.</p> <p>There is one industrial unit that has yet to receive an offer (rental or letting) and while the remainder are under offer to one degree or another, it maybe that some of these could yet fall through which would put additional pressure on the cashflow.</p>																					

Delivery programme	Milestone	Expected date
	Final utility connections and infrastructure installed	August/September 2022
	Practical completion	Autumn 2022
	Formal opening	7 December 2022
Evidenced compliance with Assurance Framework?	Yes, the project does meet the requirements of the SELEP Assurance Framework.	
Link to Project webpage	Javelin Way Development Project (Getting Building Fund) - The South East Local Enterprise Partnership (southeastlep.com)	

Appendix E – Getting Building Fund Project Background Information

Name of Project	Tindal Square Chelmsford
Responsible Upper Tier Local Authority	Essex County Council
Delivery Organisation	Chelmsford City Council
Getting Building Fund value	Original GBF funding allocation: £750,000 Additional GBF funding allocation: £331,819 Total GBF funding allocation: £1,081,819
Project Description	<p>The project will create a new civic public square of over 3,000sqm that provides a destination space for arts, events and celebrations outside Shire Hall.</p> <p>The scheme will create a public space where pedestrians will have priority, cyclists will be able to move through the space between identified gateway points giving care to more vulnerable users.</p> <p>Replacement of all existing surfacing with quality/robust new paving, including a radial design pattern extending from Shire Hall. Existing street clutter to be removed and replaced with other co-ordinated street furniture, wayfinding signage and tree planting. DDA compliant and improved pedestrian access for all to Shire Hall.</p> <p>Provision of comfortable public seating and co-ordinated and well managed seating area for tables and chairs potential to enable food and beverage businesses to expand their offer on the High Street.</p> <p>The scheme removes motorised traffic from this part of the City Centre (except for High Street service vehicles), reducing carbon emissions and improving air quality, whilst introducing a shared pedestrian space with a key cycle connection route through the space.</p>
Need for Intervention	<p>City Centres and High Streets are under pressure, amplified now by the COVID-19 pandemic. They need public intervention to recover during a recession and at a time when online retail is increasing. The closure of some key High Street players in recent years and online shopping competition means that key destinations need to be able to offer not only an environment that encourages business investment, but also create a sense of place of high quality that encourages customers to want to be there and stay there for longer periods of time. One way of doing this is investing in the urban fabric of a town or city centre, creating environments that lend themselves to events, eating out, spaces to dwell in and simply enjoy being in a centre.</p>
Reasons for seeking additional GBF funding	<p>Delivery of the project commenced onsite on 9th January 2022.</p> <p>At the time of tender RPI inflation was 3.9% and CPI inflation 2.5 % and the COVID-19 pandemic was still in an active and uncertain phase.</p> <p>Since construction started there have been a variety of pressures on the project, which at this stage of the build are estimated to add a further £0.45m over and above the scheme contingency budget.</p>

	<p>The reasons for these cost increases are multiple, complex and interrelated, but many are a result of a combination of inflation, Brexit and COVID-19, which in combination have added in delay and additional project costs.</p> <p>A full breakdown of the additional costs incurred is set out in the application for additional GBF funding and includes:</p> <ul style="list-style-type: none"> • Rising inflation rates impacting on fuel prices, site compound costs and materials. • Impacts of Brexit including delays in receiving specialist materials from EU countries and workforce depletion. • Impacts of COVID-19 including delays due to worldwide materials supplies and the fourth wave of COVID-19 in January 2022 which required provision of additional measures to protect the workforce.
<p>Project benefits</p>	<ul style="list-style-type: none"> • Jobs – Indirectly supporting retail and food and beverage jobs in the centre by encouraging visits, increased footfall, events space and longer dwell time. • Footfall – As part of a wider improvement across the City Centre and linked to the retail development at Bond Street, the public realm programme will support increased footfall in the city centre, creating a quality environment where visitors will be likely to stay longer and support the retail and leisure offer of the City Centre. • New investment – creation of 4 new restaurants/shops in the Shire Hall building, creating an estimated 100 new jobs. • Construction jobs during build – 50 jobs supported for a 6 month period. • Creation of a new space for events – the City’s first Festival of Arts and Culture in 2018 generated an economic impact of £1.1m supporting 16 FTE jobs. The project will add a further City Centre space for similar events in the coming years. • Reduction in motorised traffic and from this part of the City Centre, lowering carbon emissions and improving air quality. • Retaining a key link in the City Centre’s cycle network to encourage increased cycling in the city centre. <p>Essex County Council have confirmed that the forecast project benefits remain unchanged from the original Business Case submission.</p>
<p>Additionality offered by the additional GBF funding</p>	<p>The additional funding will ensure that the full public realm improvement scheme as detailed in the original Business Case can be delivered.</p>

	<p>It is the full scheme, including the new access arrangements to the Shire Hall, that delivers the maximum benefits to the City Centre. At a time when the City Centre's footfall figures are still not back to pre-COVID levels (as of April 2022 footfall was still 17% lower than in 2019) the delivery of the full public realm improvement scheme is a key part of the city's economic recovery plan.</p> <p>Without the funding the original scheme will not be fully delivered.</p>																		
Financial Information	<table border="1"> <thead> <tr> <th>Funding Source</th> <th>Original Funding Package £m</th> <th>Updated Funding Package £m</th> </tr> </thead> <tbody> <tr> <td>Getting Building Fund</td> <td>0.750</td> <td>1.082</td> </tr> <tr> <td>Community Infrastructure Levy</td> <td>1.955</td> <td>2.243</td> </tr> <tr> <td>S106 Contributions</td> <td>0.520</td> <td>0.685</td> </tr> <tr> <td>Chelmsford City Council Capital Programme</td> <td>0.135</td> <td>0.278</td> </tr> <tr> <td>Total</td> <td>3.360</td> <td>4.288</td> </tr> </tbody> </table>	Funding Source	Original Funding Package £m	Updated Funding Package £m	Getting Building Fund	0.750	1.082	Community Infrastructure Levy	1.955	2.243	S106 Contributions	0.520	0.685	Chelmsford City Council Capital Programme	0.135	0.278	Total	3.360	4.288
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Chelmsford City Council Capital Programme	0.135	0.278																	
Total	3.360	4.288																	
Risks to project delivery	<p>The project is progressing on site but the increased cost impacts are placing pressure on the need for the de-scoping of scheme elements.</p> <p>Remaining risks include statutory undertakers delivering the required diversions, availability of labour and lead in times for remaining key materials and supplies.</p>																		
Delivery programme	<p>It is expected that the majority of the project will be completed in advance of Christmas 2022, with the remaining works required to cease over the Christmas period so as not to impact on the City Centre during the busy period.</p> <p>It has been confirmed that the construction programme is due to complete in January 2023, and therefore the additional GBF funding will be spent in full by 31 March 2023 in accordance with the current expectations of Government.</p>																		
Outcome of ITE Review	The project has sought to apply Value for Money Exemption 1. The ITE has confirmed that the project meets the requirements of this exemption.																		
Evidenced compliance with Assurance Framework?	Yes, the project does meet the requirements of the SELEP Assurance Framework.																		
Link to Project webpage	Tindal Square, Chelmsford - The South East Local Enterprise Partnership (southeastlep.com)																		

Appendix F – Getting Building Fund Project Background Information

Name of Project	The Observer Building Cambridge Road, Hastings
Responsible Upper Tier Local Authority	East Sussex County Council
Delivery Organisation	White Rock Neighbourhood Ventures
Getting Building Fund value	Original GBF funding allocation: £1,713,000 Additional GBF funding allocation: £315,000 Total GBF funding allocation: £2,028,000
Project Description	<p>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> <p>The Observer Building will include leisure and retail uses on the lower three floors, a wide range of workspaces including studios, offices and open space, 15 capped-rent flats and a public roof terrace and bar with fantastic sea, castle and town views.</p> <p>The GBF investment will enable full renovation of the lower four floors, along with universal access (lift and entrance ramp), renovation works to the roof and external facades, installation of the new electricity substation and Air Source Heat Pumps, and key internal structural works that would otherwise be disruptive to tenants in the future.</p>
Need for Intervention	<p>The Observer Building has suffered from a series of market failures over an extended period, including:</p> <ul style="list-style-type: none"> • The deindustrialisation of print – the Observer Building was used as a print works from construction in 1924 through to the early 1980's, when technological changes signalled the end of the old print industry and the building was abandoned. • Profiting from doing nothing – The Observer Building has had 13 owners since 1985. All but one of the property owners made a profit through the sale of the building but no repairs or redevelopment was undertaken by any of the owners. • The university withdrawal - the most recent owner of the Observer Building sought to create student accommodation. This aspiration failed as a result of the failure of the University of Brighton to sustain a student market in Hastings. <p>There is no market solution to this building – it needs public funding support to undertake the renovation and to deliver a mix of homes, workspace and leisure use that is both community rooted and commercially focused.</p>

	<p>As the country emerges from lockdown it is important for people to see a display of confident investment in new models that achieve economic, social, environmental and cultural benefit.</p>
<p>Reasons for seeking additional GBF funding</p>	<p>The delivery partner went out to tender with a cost plan of £3.2m in November 2020. Contractors were unable to price due to the uncertainties of the final Brexit withdrawal and the emerging chaos in the construction supply chains.</p> <p>As the implications of the COVID-19 pandemic continued to emerge, tender returns eventually came in at around £5m, and many provisional sums continued to rise as the crisis spread.</p> <p>A combination of acute value engineering and additional fundraising has been undertaken and as a result the majority of the contract completed at the end of July 2022.</p> <p>Ongoing high inflation levels have continued to eat into the funding available, as well as increasing forecast operational costs.</p>
<p>Project benefits</p>	<ul style="list-style-type: none"> • Increased capacity to support jobs in Hastings through creation of new office, co-working and retail space. • Life-changing opportunities for people from excluded groups, especially people who struggle to access suitable housing, people experiencing mental health issues and those with low levels of education. • Creation of 66 new jobs and safeguarding of 4 jobs. • Creation of 14 construction jobs. • Unlocking of 15 housing units (to be delivered through alternative funding sources). • Delivery of 2,102 sqm of commercial floorspace. • 40 businesses assisted. • Provision of 39 broadband connections. • 81,000kg of CO₂ emissions avoided.
<p>Additionality offered by the additional GBF funding</p>	<p>GBF funding will support the project to complete by contributing to meeting the funding gap caused by cost uplifts generated by the COVID-19 pandemic, Brexit and current high inflation levels.</p> <p>As well as purchasing the faience tiles for the façade renovation, the funds will be used directly for essential works already instructed but unfunded. This will enable loan finance to be reallocated to achieve the façade renovations once the tiles arrive. These renovations were part of the original project scope but will otherwise be undeliverable.</p> <p>The key additionality will be the completion of the grand historic façade for a brand-new building in the centre of Hastings. This will have impacts on the wider regeneration of the town centre. While this was</p>

	always in scope it could be said to be far more important now given Government's investments in the town centre through the Towns Fund.																		
Financial Information	<table border="1"> <thead> <tr> <th>Funding Source</th> <th>Original Funding Package £m</th> <th>Updated Funding Package £m</th> </tr> </thead> <tbody> <tr> <td>Other grants and loans</td> <td>0.811</td> <td>3.317</td> </tr> <tr> <td>Growing Places Fund</td> <td>1.750</td> <td>3.367</td> </tr> <tr> <td>Getting Building Fund</td> <td>1.713</td> <td>2.028</td> </tr> <tr> <td>Reserves and earned income</td> <td>0.000</td> <td>1.640</td> </tr> <tr> <td>Total</td> <td>4.274</td> <td>10.352</td> </tr> </tbody> </table>	Funding Source	Original Funding Package £m	Updated Funding Package £m	Other grants and loans	0.811	3.317	Growing Places Fund	1.750	3.367	Getting Building Fund	1.713	2.028	Reserves and earned income	0.000	1.640	Total	4.274	10.352
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	Getting Building Fund	1.713	2.028																
	Reserves and earned income	0.000	1.640																
Total	4.274	10.352																	
Risks to project delivery	The primary risk to project delivery is ongoing cost uncertainty. Updated costings for the remaining works have been recently obtained but will only be held for a short period and will therefore likely need to be revisited before the works can be instructed.																		
Delivery programme	The additional GBF funding will be used to enable the installation of the windows in the southern elevation and to complete the re-rendering of the west façade of the building. These works are expected to be undertaken in November 2022. Furthermore, the additional GBF funding will be used to support the partial completion of façade repairs needed to the building. It is expected that these works will be completed in March 2023.																		
Evidenced compliance with Assurance Framework?	Yes, the project does meet the requirements of the SELEP Assurance Framework.																		
Link to Project webpage	The Observer Building, Hastings (Phase 1b) - The South East Local Enterprise Partnership (southeastlep.com)																		

Appendix G – Getting Building Fund Project Background Information

Name of Project	ASELA LFFN – Phase 3 ASELA Wide, Including sites in the districts of: Brentwood, Basildon, Castle Point, Rochford and Thurrock.
Responsible Upper Tier Local Authority	Thurrock Council
Delivery Organisation	Association of South Essex Local Authorities (ASELA)
Getting Building Fund value	£500,000
Project Description	<p>The project seeks to further build upon the Department for Digital, Culture, Media and Sport (DCMS) funded LFFN ASELA Project and extend through additional funding the delivery and access to fibre connectivity across the South Essex Region to realise benefits for local businesses and communities, enabling them to grow and flourish post COVID-19.</p> <p>The funding will enable ASELA to address some key ‘Not Spot’ areas that have not yet benefited from investment. In addition, the funding will enable ASELA to link the fibre infrastructure into the Southend region fibre network which will bring significant additional benefits to the ASELA region, in terms of sharing of services, cost savings and supporting the rollout of a pan ASELA Internet of Things (IOT) network.</p> <p>Phase 1 of the project was supported by DCMS and Phase 2 was supported by an initial GBF allocation of £2.5m.</p>
Need for Intervention	<p>Building on the Business Case already approved by DCMS which secured funding for the LFFN Project, identifying the need of intervention was at the heart of the eventual funding award. For the purposes of this additional funding proposal Ofcom and Think Broadband data was again analysed to determine:</p> <ul style="list-style-type: none"> • Current levels of broadband coverage based on speed and availability • Current status of full fibre or Gigabit capable networks within the South Essex Region. <p>The outcome to this analysis has enabled ASELA to identify and continually monitor where the key focus ‘Not Spot’ areas (areas of poor internet connectivity) are and these areas will form the focus of the project.</p>

Project benefits	<ul style="list-style-type: none"> • Provision of the infrastructure required to help local businesses and communities to grow and flourish post COVID-19. • By enabling additional public sector sites this will stimulate further investment from the private sector to realise access to a fibre to the premise solution with a consequent tangible impact in lifting local GVA and supporting local business investment and growth. • Retaining existing businesses and attracting new business sectors to the South Essex Corridor will result in an increase in Business Rates and a return on Business Rate retention. • Attract to the South Essex Corridor new growth sectors (advanced manufacturing, environmental technologies and energy, digital and creative services, life sciences and healthcare) which will generate higher skilled job opportunities for local residents and consequently higher wages. 								
Financial Information	The project is being fully funded by the GBF allocation.								
Risks to project delivery	<p>It is intended that the project will be delivered using the processes which have been established during the delivery of Phases 1 and 2. Project governance is already in place with the current contractor and any risks are being addressed as they are identified.</p> <p>Risks to project delivery are reviewed at monthly ASELA Programme Board meetings and at weekly project team meetings with the supplier and sub-contractor. Through actively managing risks, it is possible for mitigation measures to be put in place where an impact on project delivery is identified.</p>								
Delivery programme	<table border="1" data-bbox="456 1279 1506 1435"> <thead> <tr> <th data-bbox="456 1279 1139 1317">Milestone</th> <th data-bbox="1139 1279 1506 1317">Expected date</th> </tr> </thead> <tbody> <tr> <td data-bbox="456 1317 1139 1355">Planning and control detail agreement</td> <td data-bbox="1139 1317 1506 1355">December 2022</td> </tr> <tr> <td data-bbox="456 1355 1139 1393">Rollout plan commences</td> <td data-bbox="1139 1355 1506 1393">January 2023</td> </tr> <tr> <td data-bbox="456 1393 1139 1435">Rollout completes</td> <td data-bbox="1139 1393 1506 1435">March 2023</td> </tr> </tbody> </table>	Milestone	Expected date	Planning and control detail agreement	December 2022	Rollout plan commences	January 2023	Rollout completes	March 2023
Milestone	Expected date								
Planning and control detail agreement	December 2022								
Rollout plan commences	January 2023								
Rollout completes	March 2023								
Outcome of ITE Review	<p>The project has sought to apply Value for Money Exemption 2 as set out in the SELEP Assurance Framework.</p> <p>The ITE has assessed the project as offering High value for money with a Medium certainty of achieving this.</p> <p>Further information is provided in the Report of the Independent Technical Evaluator which can be found at Appendix A of this report.</p>								
Evidenced compliance with Assurance Framework?	Yes, the project does meet the requirements of the SELEP Assurance Framework.								
Link to Project Business Case	GBF-Business-Case-ASELA-LFFN-Phase-3-redacted.pdf (southeastlep.com)								

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

Innovation Park Medway – Sustainable City of Business	
Extension requested: 12 months to 31 March 2023	
Responsible Upper Tier Local Authority: Medway Council	
Provision of a clear delivery plan with specific delivery milestones and completion date to be agreed by the Board	
The programme for the Project is as follows:	
Milestone	Expected date
Delivery of Runway Park, landscaping and public realm	January 2021 to March 2023
Occupation and Development	2023 onwards
Confirmation that all funding sources identified to enable delivery of the Project are in place and provision of an updated GBF spend profile	
<p>All funding sources identified to enable delivery of the project are in place.</p> <p>It is expected that the additional GBF funding will be spent in full during Q4 2022/23.</p>	
Written confirmation that all planning requirements were met by 15 July 2022	
Planning consent was granted in August 2021.	
Written confirmation that all other (non-planning) consents and approvals were received by 15 July 2022	
No other consents and approvals are required.	
Confirmation that contractual commitments were in place with the construction contractor by 30 September 2022	
Contractual commitments were in place with the construction contractor prior to 30 September 2022.	
Confirmation that the total project cost and the project benefits remain unchanged ensuring that the Project continues to offer High value for money	
The total project cost and the project benefits remain as detailed in the application for additional GBF funding. This application demonstrates that the project continues to offer High value for money.	
Endorsement from Strategic Board that the funding should be retained against the Project beyond 31 March 2022	
Strategic Board endorsement was provided on 21 October 2022.	

Thanet Parkway Railway Station	
Extension requested: 12 months to 31 March 2023	
Responsible Upper Tier Local Authority: Kent County Council	
Provision of a clear delivery plan with specific delivery milestones and completion date to be agreed by the Board	
The programme for the Project is as follows:	
Milestone	Expected date
Station building and car park completion	Mid-December 2022
Level Crossing - GRIP Stage 5 (detailed design)	27 January 2023
Level Crossing commissioning date	21 May 2023
Level Crossing – GRIP Stage 6 (construction, test and commission)	27 June 2023
Station open to the public	22 May 2023
Confirmation that all funding sources identified to enable delivery of the Project are in place and provision of an updated GBF spend profile	
<p>All funding sources identified to enable delivery of the project are in place.</p> <p>It is expected that the additional GBF funding will be spent in full during Q4 2022/23.</p>	
Written confirmation that all planning requirements were met by 15 July 2022	
Planning consent was granted in September 2020.	
Written confirmation that all other (non-planning) consents and approvals were received by 15 July 2022	
All other consents and approvals are in place.	
Confirmation that contractual commitments were in place with the construction contractor by 30 September 2022	
Contractual commitments have been in place with Network Rail since 2021.	
Confirmation that the total project cost and the project benefits remain unchanged ensuring that the Project continues to offer High value for money	
The total project cost and the project benefits remain as detailed in the application for additional GBF funding. This application demonstrates that the project continues to offer High value for money.	
Endorsement from Strategic Board that the funding should be retained against the Project beyond 31 March 2022	
Strategic Board endorsement was provided on 21 October 2022.	

Javelin Way Development	
Extension requested: 9 months to 31 December 2022	
Responsible Upper Tier Local Authority: Kent County Council	
Provision of a clear delivery plan with specific delivery milestones and completion date to be agreed by the Board	
The programme for the Project is as follows:	
Milestone	Expected date
Final utility connections and infrastructure installed	August/September 2022
Practical completion	Autumn 2022
Formal opening	7 December 2022
Confirmation that all funding sources identified to enable delivery of the Project are in place and provision of an updated GBF spend profile	
<p>All funding sources identified to enable delivery of the project are in place.</p> <p>It is expected that the additional GBF funding will be spent in full during Q3 2022/23.</p>	
Written confirmation that all planning requirements were met by 15 July 2022	
Planning consent was granted on 20 March 2019.	
Written confirmation that all other (non-planning) consents and approvals were received by 15 July 2022	
All required consents and approvals have been secured.	
Confirmation that contractual commitments were in place with the construction contractor by 30 September 2022	
Contractual commitments were in place with the construction contractor before 30 September 2022.	
Confirmation that the total project cost and the project benefits remain unchanged ensuring that the Project continues to offer High value for money	
The total project cost and the forecast project benefits remain as set out in the application for additional GBF funding, which demonstrates that the project continues to offer High value for money.	
Endorsement from Strategic Board that the funding should be retained against the Project beyond 31 March 2022	
Strategic Board endorsement was provided on 21 October 2022.	

Tindal Square, Chelmsford											
Extension requested: 12 months to 31 March 2023											
Responsible Upper Tier Local Authority: Essex County Council											
Provision of a clear delivery plan with specific delivery milestones and completion date to be agreed by the Board											
Delivery of the project is well advanced and will be substantively complete by December 2022. The remaining elements of the project will be delivered before the end of March 2023.											
Confirmation that all funding sources identified to enable delivery of the Project are in place and provision of an updated GBF spend profile											
<p>All funding sources identified to enable delivery of the project are in place.</p> <p>The spend profile for the additional GBF funding allocated to the project is as follows (£):</p>											
<table border="1"> <thead> <tr> <th>Funding Source</th> <th>Q3 22/23</th> <th>Q4 22/23</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>GBF</td> <td>165,910</td> <td>165,909</td> <td>331,819</td> </tr> </tbody> </table>				Funding Source	Q3 22/23	Q4 22/23	Total	GBF	165,910	165,909	331,819
Funding Source	Q3 22/23	Q4 22/23	Total								
GBF	165,910	165,909	331,819								
Written confirmation that all planning requirements were met by 15 July 2022											
The only element of the project which required planning consent was the new access to the Shire Hall. This planning consent was granted on 1 March 2021.											
Written confirmation that all other (non-planning) consents and approvals were received by 15 July 2022											
All required consents and approvals are in place.											
Confirmation that contractual commitments were in place with the construction contractor by 30 September 2022											
Contractual commitments with the construction contractor were put in place on 21 December 2021.											
Confirmation that the total project cost and the project benefits remain unchanged ensuring that the Project continues to offer High value for money											
The total project cost and the project benefits remain as detailed in the application for additional GBF funding. The ITE has confirmed that the project continues to meet the requirements of Value for Money exemption 1 as set out in the SELEP Assurance Framework.											
Endorsement from Strategic Board that the funding should be retained against the Project beyond 31 March 2022											
Strategic Board endorsement was provided on 21 October 2022.											

The Observer Building, Hastings			
Additional Extension requested: 12 months to 31 March 2023			
Responsible Upper Tier Local Authority: East Sussex County Council			
Provision of a clear delivery plan with specific delivery milestones and completion date to be agreed by the Board			
The programme for the Project is as follows:			
Milestone		Expected date	
Installation of windows in the southern elevation and completion of re-rendering of West façade		November 2022	
Partial completion of façade repairs		March 2023	
Confirmation that all funding sources identified to enable delivery of the Project are in place and provision of an updated GBF spend profile			
All funding sources identified to enable delivery of the works identified in the application form are in place.			
The spend profile for the additional GBF funding allocated to the project is as follows (£):			
Funding Source	Q3 2022/23	Q4 2022/23	Total
GBF	100,000	215,000	315,000
Written confirmation that all planning requirements were met by 15 July 2022			
Planning permission was granted on 15 September 2020.			
Written confirmation that all other (non-planning) consents and approvals were received by 15 July 2022			
No other consents or approvals are required.			
Confirmation that contractual commitments were in place with the construction contractor by 30 September 2022			
Contractual commitments with the construction contractor were in place by 30 September 2022.			
Confirmation that the total project cost and the project benefits remain unchanged ensuring that the Project continues to offer High value for money			
The total project cost and the forecast project benefits remain as set out in the application for additional GBF funding, which demonstrates that the project continues to offer High value for money.			
Endorsement from Strategic Board that the funding should be retained against the Project beyond 31 March 2022			
Strategic Board endorsement was provided on 21 October 2022.			

ASELA LFFN – Phase 3									
Extension requested: 12 months to 31 March 2023									
Responsible Upper Tier Local Authority: Thurrock Council									
Provision of a clear delivery plan with specific delivery milestones and completion date to be agreed by the Board									
The programme for the Project is as follows:									
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Milestone	Expected date								
Planning and contract detail agreement	December 2022								
Rollout plan commences	January 2023								
Rollout completes	March 2023								
Confirmation that all funding sources identified to enable delivery of the Project are in place and provision of an updated GBF spend profile									
<p>The project is being fully funded through the GBF.</p> <p>It is expected that the GBF funding will be spent in full during Q4 2022/23.</p>									
Written confirmation that all planning requirements were met by 15 July 2022									
No planning consents are required.									
Written confirmation that all other (non-planning) consents and approvals were received by 15 July 2022									
No other consents and approvals are required.									
Confirmation that contractual commitments were in place with the construction contractor by 30 September 2022									
Contractual commitments cannot be made until the award of the GBF funding is confirmed. However, ASELA have a benchmarking procurement process in place which will ensure that contractual commitments are in place by December 2022, allowing delivery of the project to complete in March 2023.									
Confirmation that the total project cost and the project benefits remain unchanged ensuring that the Project continues to offer High value for money									
Total project cost and project benefits remain in line with the Business Case. The project was considered under Value for Money exemption 2.									
Endorsement from Strategic Board that the funding should be retained against the Project beyond 31 March 2022									
Strategic Board endorsement was provided on 21 October 2022.									

Report title: Better Queensway, Southend – GBF Update Report	
Report to: Accountability Board	
Report author: Emma Lindsell, Director of Regeneration and Growth, Southend-on-Sea City Council and Helen Dyer, Capital Programme Manager, SELEP	
Meeting date: 25 November 2022	For: Decision
Enquiries to: helen.dyer@southeastlep.com	
SELEP Partner Authority affected: Southend-on-Sea	

1. Purpose of report

- 1.1. The purpose of this report is for the Accountability Board (the Board) to receive an update on the Better Queensway Getting Building Fund (GBF) project (the Project), which has been identified as High risk.
- 1.2. This report will provide an update on project delivery and will highlight the key risks faced by the Project.

2. Recommendations

- 2.1. The Board is asked to:
 - 2.1.1. **Note** the update on delivery of the Project
 - 2.1.2. **Agree** that a further update on the Project which confirms the status of the merger between Swan Housing and Sanctuary Housing Association, provides an update on project delivery and provides assurances regarding the ongoing delivery of the wider project should be provided at the March 2023 Board meeting.

3. Background

- 3.1. The Project 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 7,945sqm of commercial space made up of retail, office, community and leisure space.
- 3.2. 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.
- 3.3. The Project is being delivered as a joint venture between Southend-on-Sea City Council and Swan Housing.

- 3.4. The Board approved the award of £4.2m GBF to support delivery of the Project in November 2020. The GBF funding was sought to help deliver initial enabling works, with delivery of the wider project expected to complete in 2033. In addition to the GBF funding, Southend-on-Sea City Council have been successful in securing £15m of Housing Infrastructure Fund funding to make the necessary highway improvement works.
- 3.5. The Board have previously been made aware that the Regulator of 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.
- 3.6. Following the decision by the Regulator of Social Housing, Swan Housing announced a planned partnership with Orbit. At the last Board meeting, it was reported that the partnership was progressing and was expected to formally complete on 1 October 2022.
- 3.7. However, since the last Board meeting, Orbit have released a statement indicating that following a lengthy and detailed due diligence process, partnership discussions with Swan Housing have ceased.

4. Swan Housing position

- 4.1. Following the collapse of the planned merger with Orbit, Swan Housing have informed Southend-on-Sea City Council that they are going to merge with Sanctuary Housing Association on 30 November 2022. Sanctuary are a much larger entity, owning over 100,000 homes across the United Kingdom, and have a proven track record both in estate regeneration and in efficiently executing acquisitions of smaller housing associations.
- 4.2. Sanctuary have asked that Southend-on-Sea City Council give formal approval for Change of Control under the contract, and this was considered by Cabinet on 8 November 2022. Once the transaction has taken place the focus will shift to progressing the workstreams in hand such as the GBF funded enabling works and the wider highways works. Sanctuary Housing Association have assured the Council that as Swan Housing's parent company it will support Swan's current financial commitments in relation to the Project and that it expects the business plan to be fully reviewed and agreed by Spring 2023.

5. Update on project delivery




- 5.1. Significant progress has been made on the GBF funded enabling works such that a claim of £2.4m has been submitted to Southend-on-Sea City Council. A further £0.6m of expenditure has been incurred but has not yet been claimed. There is also committed eligible expenditure expected in late 2022/early 2023. This consists of the footbridge removal which is tendered and ready to start on site, services diversions and the completion of enabling acquisitions, which are already substantially progressed, to take up the remaining funding before March 2023.
- 5.2. In terms of the wider project there has also been significant progress on the tender for the main highways contract which is now at preferred bidder stage and therefore ready to let as soon as the merger has taken place and the new business plan understood.

5.3. Finally, in terms of paving the way for outputs, the reserved matters application for phase one of the residential element is with the Local Planning Authority for determination.

6. Key project risks

- 6.1. There remains a risk that the merger will not go ahead at the last minute but the Swan Housing/Sanctuary Housing Association business combination is supported by the Regulator of Social Housing and it is therefore fully expected that the merger will go ahead as planned. The timeline is challenging for the two parties but Sanctuary have extensive experience of similar transactions.
- 6.2. Should the merger not take place and Swan Housing Association find itself unable to fulfil its obligations in relation to the joint venture, Southend-on-Sea City Council has several routes open to it that will ensure that the regeneration of Better Queensway will continue to deliver the required housing outputs. It can step in and buy out the Swan Housing interest and the work in progress, such as the permitted scheme and the tendered work packages. The Council could then join with an alternative joint venture partner or continue alone to undertake direct delivery of the consented scheme or an enhanced one that might include additional homes above the current numbers.

Table 1: RAG Risk Assessment

Risk	RAG rating (September 2022)	Change since last Board meeting	Current RAG rating (November 2022)	Progress & Actions
<p>Programme – risk to ability to claim for eligible works in the required timescale.</p>	Amber		Amber	<p>Programme to undertake the enabling works is perhaps 2 months behind that reported in September due to a Swan Housing merger happening on 30 November rather than 1 October. Work on the majority of programme workstreams has continued in the background while merger conversations have been ongoing. Very recently, a small number of workstreams have been placed on hold until the merger is finalised on 30 November. It is expected that spend and activity will accelerate through December 2022 and January 2023 once the merger has taken place.</p>
<p>Status of Swan Housing – Risk that the merger with Sanctuary Housing Association does not go ahead and Swan can no longer participate in the joint venture</p>	Amber		Red	<p>Southend-on-Sea City Council has several routes available to ensure that there is no “no scheme scenario”. It has the ability under the contract to take over the LLP and undertake direct delivery of the existing consented scheme or an alternative scheme. It can also seek an alternative joint venture partner.</p> <p>In this situation, the enabling works can continue to be delivered as they would facilitate any version of the final scheme. The outputs would be delivered although there may well be changes to the phasing and delays to forecast practical completion dates.</p>
<p>Unviable Business Plan – Risk of the business plan being unviable due to increased construction costs and volatility in sales market</p>	Amber		Amber	<p>The Business Plan is due to be reviewed in Spring 2023 to ensure viability with various mitigations due to be considered including re-thinking the phasing and the conversion of some sales homes to affordable.</p>

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	Milestone Completion Date (September 2022)	Milestone Completion Date (November 2022)	Change in milestone date (RAG rating)	Commentary (To include: % of milestone achieved to date)
Completion of the diversion of the gas main (GBF funded)	January 2023	March 2023	Amber	Significant work has taken place in preparation for the diversions with significant fee expended on negotiations with the utility companies etc. Percentage completion is therefore c 20%.
Completion of the demolition of the footbridge (GBF funded)	November 2022	January 2023	Amber	This work is tendered and ready to go as soon as the merger is complete. Stopping up has been approved and licences granted for temporary closure of the adjacent car park to facilitate the works. Once on site it will only take 2 days therefore milestone is 75% complete.
Completion of early acquisitions (GBF funded)	December 2022	March 2023	Amber	There are £878,000 of acquisitions already completed with £306,000 exchanged; and £733,000 where valuations and offers have been made. The task is therefore c 65% complete.
Delivery of highways infrastructure works (HIF funded)	February 2023	March 2023	Amber	This major contract has been successfully tendered and a strong preferred bidder chosen with start on site expected early in 2023.
Demolition of existing residential blocks	2024	2024	Green	This will be timed to coincide with the start on site of the relevant residential phase.
Construction of housing, commercial space and public realm	Start 2024 Finish 2033	Start 2024 Finish 2033	Green	The first residential phase is now not likely to start on site until 2024
Project Completion Date	2033	2033	Green	This date will be considered as part of development of the new business case.

7. Next Steps

- 7.1. Following approval by Southend-on-Sea City Council Cabinet on 8 November 2022, the Council will write to Sanctuary Housing Association and Swan Housing approving the Change of Control. Once Swan Housing becomes part of the Sanctuary group on 30 November 2022, the joint venture LLP can access funds to continue to progress the enabling works and ensure that the SELEP funding is fully utilised.
- 7.2. In Spring 2023, once Sanctuary have concluded their review of the Project, a new business plan will be presented to Southend-on-Sea City Council Cabinet for approval. It is expected that this will continue to include the outputs already promised under the GBF funding and perhaps additional homes that may contribute to improving the overall business plan.
- 7.3. It is hoped that the contract for the main highways works can also be confirmed shortly and start on site achieved in Spring 2023 as this is a major step in facilitating the residential phases.

8. SELEP Comments

- 8.1. This report outlines progress towards delivery of the Project. Whilst progress is being made, delivery of the Project has been affected by ongoing uncertainty regarding the future status of Swan Housing who are the joint venture partner of Southend-on-Sea City Council.
- 8.2. At recent meetings, the Board have been advised that Swan Housing were intending to enter into a partnership with Orbit and it was expected that the partnership would complete on 1 October 2022. As outlined in this report, the partnership did not go ahead and Swan Housing are now in discussions with Sanctuary Housing Association regarding a potential merger. If this merger goes ahead, it is expected to complete on 30 November 2022.
- 8.3. The decision by Orbit to not progress with the partnership does raise concerns regarding the future status of Swan Housing and the ongoing deliverability of the wider project.
- 8.4. Initial indications are that work towards the merger between Swan Housing and Sanctuary Housing Association is progressing and Southend-on-Sea City Council Cabinet have considered a Change of Control request in preparation for Sanctuary's involvement in the Project. However, this process has no bearing on whether the merger goes ahead and a similar process was followed in preparation for the partnership with Orbit.
- 8.5. Southend-on-Sea City Council have indicated that alternative options for delivery of the wider project are available should Swan Housing not be able to fulfil their obligations as joint venture partner and have indicated a strong commitment to ensuring that the Project progresses. Whilst this does provide some assurance regarding the ongoing delivery of the Project, it is currently unclear what impact this might have on the timeline for realisation of the forecast project benefits.
- 8.6. At the outset of the GBF programme, Central Government indicated an expectation that each project should report on benefits realised to 31 March 2025. Should realisation of project benefits be delayed, thereby reducing the quantum of benefits expected to be achieved by 31 March 2025, this will need to be subject to a formal Change Request which will need to be considered by Government officials.

- 8.7. 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 of Social Housing's decision to downgrade Swan Housing's viability and governance grades and Swan Housing's planned partnership with Orbit.
- 8.8. Southend-on-Sea City Council provided the requested assurances at the September 2022 Board meeting and the Board noted that the condition attached to the release of the GBF funding had been met. However, these assurances were based on the assumption that the planned partnership between Swan Housing and Orbit would complete as scheduled.
- 8.9. In light of the decision to not progress with the partnership with Orbit, further assurances are needed regarding the ongoing delivery of the wider project. This report provides some initial assurances regarding the ongoing delivery of the Project regardless of the future status of Swan Housing, but further assurances are needed once the route for delivering the Project has been confirmed.
- 8.10. It is reported that, if it progresses, the merger between Swan Housing and Sanctuary Housing Association will complete at the end of November 2022. It is therefore recommended that a further update on the Project is presented to the Board at the March 2023 meeting which provides an update on the status of the merger, progress towards delivery of the Project and assurances regarding ongoing delivery of the wider project, including consideration of the route to delivery which is being pursued.

9. Financial Implications (Accountable Body comments)

- 9.1. The full GBF allocation for the Project was transferred in full to Southend-on-Sea City Council to support delivery of the Project by the end of 2021/22.
- 9.2. 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.
- 9.3. With the GBF for the project having been transferred in advance, there is a requirement for the Board to continue to effectively monitor the progress of the project in order to provide assurance of delivery in line with the agreed business case.
- 9.4. Further, this gives the Board oversight of potential risks which may impact delivery of GBF projects along with proposed mitigations; this is of particular importance due to the current uncertain economic climate and increasing inflation, together with ongoing impacts experienced following Covid-19 pandemic and Brexit.
- 9.5. To support this monitoring, the SLAs set out the requirement for Partner Authorities to provide regular update reports to SELEP and the Accountable Body in the timescales and format specified by the SELEP Secretariat, to inform the updates to the Board and Government.
- 9.6. With respect to the Better Queensway project, should the partnership with Sanctuary ultimately be unsuccessful and should Southend-on-Sea City Council be unable to secure

delivery of the Project, the Board may request for the return of the GBF funding under the terms of the SLA in place with the Council. Any funding returned would be redistributed in accordance with the agreed pipeline and the decisions of the Board.

10. Legal Implications (Accountable Body comments)

10.1. 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.

11. Equality and Diversity Implications

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

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

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

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

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

11.3. In the course of the development of the project business 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.

12. List of Appendices

12.1. Appendix A – Better Queensway project information

13. List of Background Papers

13.1. [Better Queensway GBF Business Case](#)

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

Better Queensway GBF Update Report

Role	Date
Accountable Body sign off Michael Neumann (on behalf of Nicole Wood, S151 Officer, Essex County Council)	16/11/2022

Appendix A – Getting Building Fund Project Background Information

Name of Project	Better Queensway Southend, SS2 5AW Southend-on-Sea City Council
Getting Building Fund value	£4.2m
Description of what Project delivers	<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>Southend-on-Sea City Council has been successful in securing £15m of funding from the Housing Infrastructure Fund to make the necessary highway improvement works and has entered into a joint venture with Swan Housing Association as development partner. This approach will employ a 'whole-place' approach to regeneration, addressing the inefficiently planned estate and poor quality of the existing 441 housing units on site, as well as enhancing the wider area and improving access to multiple development sites.</p>
Project benefits	<p>The project will deliver:</p> <ul style="list-style-type: none"> • 1,669 new homes • 7,945sqm of commercial space • 552 FTE jobs • Improved environmental benefits through energy efficiency • Transport benefits through the delivery of road, cycle, pedestrian infrastructure to improve access to the town centre • Economic benefits through the creation of additional high-quality commercial space and increased spend through an increased population on the site.
Current project constraints and risks	<p>The Regulator of Social Housing took the decision to downgrade Swan Housing Association's viability and governance grades. As a result of this decision, Swan Housing do not currently meet the Regulator's governance and viability standards and steps need to be taken to improve work in these areas.</p>

	<p>Orbit announced a planned partnership with Orbit, which was expected to complete in October 2022. This partnership did not complete and Swan Housing are now in discussions with Sanctuary Housing Association regarding a potential merger. If this merger goes ahead it is expected to complete at the end of November 2022.</p> <p>As a result of the above factors, there remains considerable uncertainty about the future of Swan Housing and their ongoing involvement in the project.</p> <p>There are other options available to Southend-on-Sea City Council if Swan Housing are unable to fulfil their obligations in relation to the project but these options are likely to extend the delivery programme and may impact on the quantity of benefits which will be realised during the GBF monitoring period specified by Central Government.</p>
<p>Link to Project webpage</p>	<p>https://www.southeastlep.com/project/better-queensway-southend/</p>

Report title: Swan Modular Housing Factory, Basildon – GBF Update Report	
Report to: Accountability Board	
Report author: Paul Chapman, Principal Economic Growth Officer, Essex County Council and Helen Dyer, Capital Programme Manager, SELEP	
Meeting date: 25 November 2022	For: Decision
Enquiries to: helen.dyer@southeastlep.com	
SELEP Partner Authority affected: Essex	

1. Purpose of report

- 1.1. The purpose of this report is for the Accountability Board (the Board) to receive an update on the Swan Modular Housing Factory Getting Building Fund (GBF) project (the Project), which has been identified as High risk.
- 1.2. This report will provide an update on project delivery and will highlight the key risks faced by the Project.

2. Recommendations

- 2.1. The Board is asked to:
 - 2.1.1. **Note** the update on delivery of the Project.
 - 2.1.2. **Agree** that a further update on the Project which confirms the status of the merger between Swan Housing and Sanctuary Housing Association, provides an update on project delivery and provides assurances regarding the ongoing realisation of forecast project benefits should be provided at the March 2023 Board meeting.

3. Background

- 3.1. The GBF funding awarded to the Project is being used by Swan Housing to support delivery of a new modular housing factory in Basildon. The new factory is immediately adjacent to Swan Housing’s current factory, which was established in 2017.
- 3.2. The Project will enable Swan Housing to both increase its current production capacity of Cross Laminated Timber housing modules, as well as establish an innovative in-house capability to manufacture fabricated steel modules, which are essential for the construction of higher buildings (over 18m high) following changes to legislation regarding combustible materials.
- 3.3. This will enable Swan Housing to deliver circa 830 new homes per annum by 2024 and more efficiently produce a range of construction modules.

Swan Modular Housing Factory GBF Update Report

- 3.4. This new factory will facilitate reduced development costs and accelerated delivery as well as creating new and innovative jobs, building industry capacity, upskilling the local workforce and allowing for the supply of modular components to other local authorities/ developers.
- 3.5. The Board approved the award of £4.53m GBF to support delivery of the Project in November 2020.
- 3.6. It was originally expected that the GBF funding would be spent in full by 31 March 2022, in line with the requirements of the GBF programme. However, in May 2022, the Board were advised that delivery of the Project had progressed more slowly than expected due to extended lead-in times for some items and due to the need to source alternative suppliers or alternative solutions to mitigate increasing costs. The Board agreed that the GBF funding could be retained against the Project beyond March 2022 for a maximum period of 6 months, to 30 September 2022.
- 3.7. Subsequently, in September 2022, the Board were advised that it would not be possible for the GBF funding to be spent in full by 30 September 2022 and approval was sought for retention of the GBF funding against the Project for a further 6 months, to 31 March 2023.
- 3.8. As the Board are aware, the Regulator of 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.
- 3.9. Following the decision by the Regulator of Social Housing, Swan Housing announced a planned partnership with Orbit. At the last Board meeting, it was reported that the partnership was progressing and was expected to formally complete on 1 October 2022. At that time, it was understood that the Project formed a key part of the recovery plans of Swan Housing.
- 3.10. However, since the last Board meeting, Orbit have released a statement indicating that following a lengthy and detailed due diligence process, partnership discussions with Swan Housing have ceased.
- 3.11. Swan Housing has now entered into merger discussions with Sanctuary Housing Association. It is understood that if the merger between Swan Housing and Sanctuary goes ahead it is likely to be completed on 30 November 2022.

4. Update on project delivery

- 4.1. As reported at the last meeting, delivery of the Project has been progressing and a number of the procurement/supply issues identified previously have been resolved. However, a new issue with the factory floor has been identified which needs to be rectified before the factory can be commissioned.
- 4.2. Since the last meeting, work has been undertaken to progress the required works to the factory floor and it has been concluded that the best approach is to re-lay the affected section of the floor. However, approval to proceed with these works is reliant on the outcome of the merger discussions between Swan Housing and Sanctuary Housing

Association. If approval for these works is received in early December 2022, it is expected that the floor will be replaced and the reinstatement of the machinery and equipment will be predominantly complete by 31 March 2023. It is expected that the factory will be in operation, at least in part, by Summer 2023.

- 4.3. It is still expected that the GBF funding will be spent in full by 31 March 2023 but this is dependent upon a swift approval for the works being received following completion of the planned merger. To date, 68% of the GBF funding has been drawn down by Swan Housing. Essex County Council continue to hold the remaining funding.

5. Swan Housing position

- 5.1. Essex County Council have been advised that, following the collapse of the planned merger with Orbit, Swan Housing are in discussions with Sanctuary Housing Association regarding a potential merger. It is understood that if this merger goes ahead, it is expected to complete on 30 November 2022.
- 5.2. At the current time, Swan Housing have been unable to provide a definitive update on the status of the factory being delivered through the Project should the merger with Sanctuary Housing Association go ahead. As a consequence, there is continuing uncertainty regarding the future of the factory regardless of whether the merger goes ahead.
- 5.3. In light of this uncertainty, Essex County Council have undertaken some initial work to identify the potential scenarios which may arise in relation to the Project and these are set out in Table 1 below, alongside the actions which will need to be taken in each case.

Table 1: Options available to Essex County Council in relation to the Swan Modular Housing Factory project

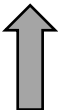

Scenario	Actions to be taken
<p>Scenario 1: Merger between Swan Housing and Sanctuary Housing Association completes, and the factory delivered through the Project is retained, completed and enters production</p>	<p>Essex County Council will continue to monitor delivery of the Project and will issue the remaining GBF funding in line with evidence of spend provided by Swan Housing.</p> <p>Confirmation to be sought from Swan Housing that the GBF funding can still be spent in full by 31 March 2023 as required and that the forecast benefits remain as set out in the approved Business Case.</p>
<p>Scenario 2: Merger between Swan Housing and Sanctuary Housing Association completes, but the factory delivered through the Project does not form part of the future plans for the new company</p>	<p>Essex County Council to engage with Swan Housing/Sanctuary Housing Association to establish the future status of the factory.</p> <p>If the Project is not going to be delivered in accordance with the Business Case and the forecast benefits will not be realised, Essex County Council will seek to clawback the GBF funding from Swan Housing in accordance with the back-to-back agreement in place between the two parties.</p>
<p>Scenario 3: Merger between Swan Housing and Sanctuary Housing Association does not complete but Swan Housing continue through an alternative arrangement</p>	<p>Essex County Council will engage with Swan Housing (and any other parties involved in their future plans) to establish the future status of the factory.</p> <p>If delivery of the Project is expected to complete and the forecast benefits realised, Essex County Council will seek assurances from Swan Housing in relation to their ability to complete spend of the GBF funding by 31 March 2023 as required.</p> <p>If delivery of the Project is not expected to complete, Essex County Council will seek to clawback the GBF funding from Swan Housing in accordance with the back-to-back agreement in place between the two parties.</p>
<p>Scenario 4: Merger between Swan Housing and Sanctuary Housing Association does not complete and the future of Swan Housing cannot be secured</p>	<p>Essex County Council will take all available steps to secure the return of the GBF funding from Swan Housing as delivery of the Project will not complete in accordance with the approved Business Case. If Swan Housing is unable to return some or all of the GBF funding, Essex County Council would be liable to make up the shortfall.</p>

5.4. Whilst Essex County Council have identified these scenarios, no action can be taken until the outcome of the merger discussions is known.


6. Key project risks

- 6.1. The primary risk to delivery of the Project is the ongoing discussions between Swan Housing and Sanctuary Housing Association regarding a potential merger. It is expected that these discussions will continue until the end of November 2022.
- 6.2. The Project has been placed on hold pending the outcome of the merger discussions, meaning that there is a risk to full spend of the GBF funding by 31 March 2023. Assuming the merger completes as expected on 30 November 2022, it remains possible for the GBF funding to be spent in full by 31 March 2023 as there is sufficient time available for the remaining works to be completed. However, this would be dependent upon swift approval for the remaining works being provided.
- 6.3. There remains a risk that delivery of the Project will not proceed to completion or that the factory will not form part of the future plans for the new company. This would present a significant risk to the realisation of the forecast project benefits and would likely result in the Project being removed from the GBF programme.
- 6.4. The amount of GBF funding paid to Swan Housing is currently £3,070,945. Under the terms of the agreement between SELEP and Essex County Council, the Council would be liable to repay the GBF funding should the Project not be delivered in accordance with the approved Business Case. Whilst Essex County Council would seek to clawback GBF funding from Swan Housing, there is a risk that Swan Housing would have insufficient funds and Essex County Council would be required to make up the shortfall.

Table 2: RAG Risk Assessment

Risk	RAG rating (September 2022)	Change since last Board meeting	Current RAG rating (November 2022)	Progress & Actions
<p>Status of Swan Housing – there is ongoing uncertainty regarding the future of Swan Housing and their ability to deliver the Project</p>	<p>Amber</p>		<p>Red</p>	<p>At the last Board meeting, it was expected that the merger between Swan Housing and Orbit would complete on 1 October 2022. It was also understood that the factory being delivered through the Project formed a key part of Swan Housing’s recovery plans.</p> <p>Subsequent to the last meeting, it has been announced that the merger with Orbit will not be progressing. Swan Housing are now in discussions with Sanctuary Housing Association regarding a potential merger and it is expected that, if the merger goes ahead, it will complete on 30 November 2022.</p> <p>As the future of Swan Housing has still not been confirmed, there is ongoing uncertainty regarding delivery of the Project and realisation of the forecast project benefits. Essex County Council have undertaken analysis to identify the potential scenarios and the actions which need to be taken but no action can be taken until the outcome of the discussions with Sanctuary Housing Association is known.</p>
<p>Programme – delivery of the Project has been placed on hold whilst awaiting the outcome of the merger discussions</p>	<p>Green</p>		<p>Amber</p>	<p>No further work will be undertaken on the Project until the outcome of the merger discussions is known. However, plans have been put in place for the works to the factory floor and it is intended that delivery of these works will commence as soon as the outcome of the merger discussions is known and the status of the factory has been confirmed.</p>

Swan Modular Housing Factory GBF Update Report

<p>Realisation of project benefits – there remains a risk that the Project will not be delivered and therefore the forecast project benefits will not be realised</p>	<p>Green</p>		<p>Amber</p>	<p>At the last meeting, it was expected that the partnership with Orbit would progress as planned and it was understood that the factory formed a key part of Swan Housing’s recovery plans and therefore a risk to the realisation of the project benefits was not highlighted.</p> <p>As it stands, there is uncertainty regarding the delivery of the Project – regardless of whether the merger with Sanctuary Housing Association completes. If the Project is not delivered or the factory used as intended, the benefits will not be realised in accordance with the Business Case.</p> <p>Discussions will be held with Swan Housing at the earliest opportunity to confirm the status of the factory and to seek assurances regarding the delivery of the forecast project benefits.</p>
	<p>Milestone Completion Date (September 2022)</p>	<p>Milestone Completion Date (November 2022)</p>	<p>Change in milestone date (RAG rating)</p>	<p>Commentary (To include: % of milestone achieved to date)</p>
<p>Commencement of the repairs to the factory floor (GBF funded)</p>	<p>October 2022</p>	<p>December 2022</p>	<p>Amber</p>	<p>Since the last Board meeting, Swan Housing have progressed plans for the required works to the factory floor and have concluded that the best approach is to re-lay the affected section of the floor. It is understood that everything is in place for these works to commence but approval to proceed will not be granted until the merger discussions have concluded. This has impacted on the delivery programme.</p>
<p>Reinstatement of services – installation of remaining machinery and equipment</p>	<p>March 2023</p>	<p>March 2023</p>	<p>Green</p>	<p>Delivery of these works are dependent upon completion of the repairs to the factory floor and therefore at this stage the programme cannot be confirmed but is expected to remain as reported at the last meeting.</p>

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Full drawdown of the GBF funding by Swan Housing by 31 March 2023	March 2023	March 2023	Green	To date, Swan Housing have drawn down 68% of the GBF funding allocation. Essex County Council are aware that further expenditure has been incurred on the Project but will not be releasing any further funding until the ongoing delivery of the Project is confirmed.
Project Completion Date	March 2024	March 2024	Green	It is still expected that the Project can complete by 31 March 2024 if the merger between Swan Housing and Sanctuary Housing Association completes and it is confirmed that the factory forms part of the future plans for the company.

7. Next Steps

- 7.1. Essex County Council will actively engage with Swan Housing to understand the outcome of the merger discussions with Sanctuary Housing Association and to understand the implications for the Project.
- 7.2. Essex County Council will take steps as necessary in accordance with Table 1 to either support Swan Housing in completing the Project or to secure return of the GBF funding.

8. SELEP Comments

- 8.1. This report outlines progress towards delivery of the Project. Whilst progress has been made, delivery of the Project has been affected by ongoing uncertainty regarding the future status of Swan Housing, who are the delivery partner.
- 8.2. At recent meetings, the Board have been advised that Swan Housing were intending to enter into a partnership with Orbit and it was expected that the partnership would complete on 1 October 2022. As outlined in this report, the partnership did not go ahead and Swan Housing are now in discussions with Sanctuary Housing Association regarding a potential merger. If this merger goes ahead, it is expected to complete on 30 November 2022.
- 8.3. The decision by Orbit to not progress with the partnership does raise concerns regarding the future status of Swan Housing and the ongoing deliverability of the Project.
- 8.4. It has been widely reported in the Housing press that it is believed that Swan Housing only have sufficient cash to fund its' subsidiaries until early December 2022. Given this information, there is a clear risk to delivery of the Project should the merger with Sanctuary Housing Association not complete. Furthermore, Essex County Council have been unable to obtain any information which provides any clarity as to the status of the factory being delivered through the Project should the merger complete as planned.
- 8.5. Essex County Council have identified a number of scenarios that may arise following the conclusion of discussions between Swan Housing and Sanctuary Housing Association and the actions that Essex County Council will need to take in each case. These scenarios identify a number of areas of concern, including the potential for the Project to not be delivered in accordance with the Business Case. If this situation arises, the Board will be asked to agree the removal of the Project from the GBF programme at the next meeting. This would release £4.53m GBF for reallocation to alternative projects on the new pipeline.
- 8.6. Given the timing of the proposed merger with Sanctuary Housing Association, it is not possible for the Board to consider whether the funding should remain allocated to the Project at this meeting. This will mean that, should the Project not be able to progress, that the funding will be reallocated to alternative projects at the March 2023 Board meeting (subject to the return of the funding by Essex County Council). This will, of course, mean that it is very unlikely that the funding will be spent by 31 March 2023 as expected by Government.
- 8.7. Even if the merger with Sanctuary Housing Association goes ahead as planned, there remain a number of uncertainties. As outlined above, Essex County Council have been unable to obtain any information which confirms that the factory being delivered through the

Project will be required following completion of the merger. This means that not only is there a risk to delivery in accordance with the Business Case but there is also a risk to the realisation of the forecast project benefits. In addition, there remain concerns regarding whether the Project can complete spend of the GBF funding by 31 March 2023 given that delivery has effectively been paused whilst awaiting the outcome of the merger discussions.

- 8.8. In light of the ongoing uncertainty, it is critical that a further update on the Project is provided at the next Board meeting. This update should provide an update on the status of the merger, confirmation as to the status of the Project, a delivery programme (if applicable) and an update on the realisation of the forecast project benefits.

9. Financial Implications (Accountable Body comments)

- 9.1. The full GBF allocation for the Project was transferred in full to Essex County Council to support delivery of the Project by the end of 2021/22.
- 9.2. Essex County Council, in its role 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 the Council and sets out the conditions of the grant.
- 9.3. With the GBF for the project having been transferred in advance, there is a requirement for the Board to continue to effectively monitor the progress of the project in order to provide assurance of delivery in line with the agreed business case.
- 9.4. Further, this gives the Board oversight of potential risks which may impact delivery of GBF projects along with proposed mitigations; this is of particular importance due to the current uncertain economic climate and increasing inflation, together with ongoing impacts experienced following Covid-19 pandemic and Brexit.
- 9.5. To support this monitoring, the SLAs set out the requirement for Partner Authorities to provide regular update reports to SELEP and the Accountable Body in the timescales and format specified by the SELEP Secretariat, to inform the updates to the Board and Government.
- 9.6. Under the terms of the agreement between SELEP and Essex County Council, the Council would be liable to repay GBF funding should the Project not be delivered in accordance with the approved Business Case. Whilst Essex County Council would seek to clawback the GBF funding from Swan Housing, there is a risk that Swan Housing would have insufficient funds and Essex County Council would be required to make up the shortfall. The amount of GBF funding paid to Swan Housing is currently £3,070,945.
- 9.7. Should the Board require Essex County Council to return any funding in relation to this Project, this would be redistributed to other Projects in accordance with the agreed pipeline and the decisions of the Board.

10. Legal Implications (Accountable Body comments)

- 10.1. 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.

11. Equality and Diversity Implications

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

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

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

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

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

11.3. In the course of the development of the project business 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.

12. List of Appendices

12.1. Appendix A – Swan Modular Housing Factory project information

13. List of Background Papers

13.1. [Swan Modular Housing Factory GBF Business Case](#)

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

Role	Date
Accountable Body sign off Michael Neumann (on behalf of Nicole Wood, S151 Officer, Essex County Council)	17/11/2022

Appendix A – Getting Building Fund Project Background Information

Name of Project	NU Living (Swan) Modular Housing Factory Basildon, SS14 3ES Essex County Council
Getting Building Fund value	£4.53m
Description of what Project delivers	<p>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.</p> <p>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.</p>
Project benefits	<p>The project will deliver:</p> <ul style="list-style-type: none"> • 248 FTE gross operational jobs (124 net additional FTE jobs for South Essex, after adjusting for deadweight, leakage, displacement and multiplier effects) • 144 new learners assisted • Manufacturing of 2,500 steel MMC modules per annum by year 5, along with expansion of cross laminated timber (CLT) MMC module production to 1000 by year 5 • Supporting the development of 1,500 new homes over a five-year period, of which 40% (600) are estimated to be affordable
Current project constraints and risks	<p>The Regulator of Social Housing took the decision to downgrade Swan Housing Association’s viability and governance grades. As a result of this decision, Swan Housing do not currently meet the Regulator’s governance and viability standards and steps need to be taken to improve work in these areas.</p> <p>Orbit announced a planned partnership with Orbit, which was expected to complete in October 2022. This partnership did not complete and Swan Housing are now in discussions with Sanctuary Housing Association regarding a potential merger. If this merger goes ahead it is expected to complete at the end of November 2022.</p> <p>As a result of the above factors, there remains considerable uncertainty about the future of Swan Housing and their ability to fully deliver the project.</p> <p>Essex County Council have identified a number of scenarios which may arise depending upon the outcome of the merger discussions</p>

	<p>with Sanctuary Housing Association. At this stage, the status of the factory cannot be confirmed even if the merger with Sanctuary goes ahead as planned and therefore there is a significant risk in relation to realisation of the forecast project benefits.</p> <p>Once the outcome of the discussions with Sanctuary is known, Essex County Council will be in a better position to take the necessary steps to determine the status of the project.</p>
Link to Project webpage	https://www.southeastlepp.com/project/nu-living-modular-housing-factory-basildon/

Report title: Local Growth Fund Capital Programme Update	
Report to: Accountability Board	
Report author: Helen Dyer, SELEP Capital Programme Manager	
Meeting date: 25 November 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 updated total planned LGF spend on project delivery in 2022/23 of £17.312m excluding DfT retained schemes and increasing to £17.636m including DfT retained schemes, as set out in Table 2 and Appendix A of the report.
 - 2.1.2. **Agree** the reported LGF spend on project delivery in Q1 and Q2 2022/23 of £7.920m, as set out in Table 1 and Appendix A.
 - 2.1.3. **Note** the deliverability and risk assessment, as set out in Appendix D.
 - 2.1.4. **Note** the list of outstanding post scheme completion Monitoring and Evaluation reports, as set out in Appendix G.

3. Summary position

- 3.1. The £578.9m 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 in accordance with the official end of the Growth Deal period. 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. In May 2022, £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. As delivery of the majority of the ongoing LGF projects nears completion, work is being undertaken by the SELEP Capital Programme Team, in conjunction with relevant local partners, to confirm the ongoing need for additional LGF funding to support delivery of the projects remaining on the pipeline. In addition, confirmation of the additionality (additional benefit) that will be realised should further LGF funding be awarded to any of the projects on the pipeline needs to be provided by the relevant local partner authorities.

5. Local Growth Fund spend position

Local Growth Fund Capital Programme Update

- 5.1. LGF spend in 2022/23 to the end of Q2 (April to September 2022) is reported to total £7.902m excluding DfT retained schemes, increasing to £7.920m including DfT retained schemes.
- 5.2. The reported 2022/23 spend has been taken from the latest round of LGF quarterly reporting and demonstrates that reported spend in Q1 and Q2 2022/23 is £5.429m (excluding DfT retained schemes) or £5.735m (including DfT retained schemes) below the level forecast at the start of the financial year. This change is shown in Table 1 below.

Table 1: Current spend position – 2022/23

LGF (£m)				
	Planned LGF spend to date 2022/23	Reported spend to date 2022/23	Variance (between planned and reported spend)	% Variance
East Sussex	5.233	2.232	-3.001	-57.3%
Essex	4.171	3.863	-0.308	-7.4%
Kent	1.756	0.211	-1.545	-88.0%
Medway	0.000	0.000	0.000	0.0%
Southend	1.496	1.496	0.000	0.0%
Thurrock	0.675	0.100	-0.575	-85.2%
LGF Sub-Total	13.331	7.902	-5.429	-40.7%
Retained	0.324	0.018	-0.306	-94.5%
Total Spend	13.655	7.920	-5.735	-42.0%

- 5.3. There are a number of factors which are impacting on the level of LGF spend, including ongoing COVID-19 and Brexit impacts on project delivery. There has been a widespread increase in materials costs which has adversely affected the majority of the ongoing projects and has in some cases resulted in the need for works to be reprocurd. This issue has been further compounded by delays in key material supply chains which have been affected by both the COVID-19 pandemic and Brexit, and labour shortages due to COVID-19 enforced absences.
- 5.4. In addition, East Sussex County Council have advised that their current Highways Contract expires in April 2023, with a new contractor taking over from 1 May 2023. As a result, the current contractor is only undertaking works that they are confident can be completed prior to the end of the contract. This is impacting on a number of the ongoing transport schemes within East Sussex County Council's LGF programme. A full review of delivery programmes will be undertaken in conjunction with the new contractor, and it is probable that the Board will be asked to agree a revised project completion date for the Hailsham/Polegate/Eastbourne Movement and Access Package at a future 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	Actual LGF spend 2021/22	LGF forecast spend 2022/23	LGF forecast spend 2023/24 onwards	Total	% LGF allocation spent by 31 March 2021
East Sussex	64.172	7.702	4.740	5.406	82.020	78.2%
Essex	90.199	2.930	5.926	14.935	113.991	79.1%
Kent	100.574	19.227	4.380	4.474	128.656	78.2%
Medway	25.460	6.980	0.000	0.000	32.440	78.5%
Southend	27.126	5.092	1.496	0.000	33.715	80.5%
Thurrock	29.491	0.651	0.770	4.929	35.840	82.3%
Skills	21.975	0.000	0.000	0.000	21.975	100.0%
M20 Junction 10a	19.700	0.000	0.000	0.000	19.700	100.0%
Sub-total	378.697	42.582	17.312	29.744	468.335	80.9%
DfT retained	93.887	2.889	0.324	13.500	110.600	84.9%
Total spend forecast	472.584	45.472	17.636	43.244	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. A further 7.85% of the LGF allocation was reported as spent in 2021/22, leaving 10.55% unspent as at 1 April 2022 with the majority of this funding forecast for spend in 2023/24 or beyond.

5.7. As agreed by the Board, and in line with the commitment made to Government, the majority of the remaining LGF funding 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 the £4.656m LGF funding allocated to the A28 Sturry Link Road project 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. Progress towards meeting this deadline continues to be monitored and an update on delivery of the project is provided under Agenda Item 15.

5.9. 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 previously 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 including North Bexhill Access Road, East Sussex Strategic Growth Package and Bexhill Enterprise Park North.
- 6.3. The North Bexhill Access Road project has achieved practical completion, with construction works complete and the full length of the road opened for use by the public in March 2019. There are post completion landscaping works still to be completed and these works will be completed after significant power, water and sewerage infrastructure development arrangements have been put in place. These utility works are required to enable delivery of the originally forecast project benefits, including the new housing that the project has unlocked.
- 6.4. The East Sussex Strategic Growth project was intended to develop strategic business space and utilise its generated income as flexible recyclable investment funding to ensure the continued growth of quality employment space throughout East Sussex. The LGF funding awarded to the project was designed to be seed funding for multi-phase development. Therefore, only a portion of the development outlined within the Business Case was due to be funded through the LGF, with the remaining works being funded by income generated through letting or selling the assets delivered through the initial phase of the project.
- 6.5. The initial works delivered through the LGF funding have been delivered, however, a completion date for the remaining works outlined within the East Sussex Strategic Growth Business Case is not yet known as the timeline for delivery of the later phases of development has been adversely affected by the economic impacts of the COVID-19 pandemic and Brexit which have reduced the income achieved to date through the delivery of the initial phases of development.
- 6.6. Delivery of the remaining works required as per the agreed project Business Case will continue to be monitored.
- 6.7. LGF funding was awarded to the Bexhill Enterprise Park North project to bring forward enabling site and servicing infrastructure which will release the site for development. As outlined in the Business Case, it is expected that private

sector investment will be forthcoming to fund the delivery of the planned commercial workspace on the site. Whilst the LGF funded enabling works have now been delivered, commercial workspace is yet to come forward on the site. As the Value for Money offered by the project was calculated based on the existence of the commercial workspace, the project will continue to be marked as being in progress until the commercial workspace has been delivered as set out in the approved Business Case.

6.8. 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).

6.9. The risk assessment has been conducted for LGF projects based on:

6.9.1. **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.

6.9.2. 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.

6.9.3. **Finances** – considers changes to project spend profiles, project budget, certainty of match funding contributions and amount of LGF spend forecast beyond 30 September 2022.

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

Table 3: Summary of LGF project risk

Risk Score	Number of projects	LGF allocation to projects (£m)	LGF spend beyond 30 September 2022 (£m)
Low risk - 1	67	248.626	0.002
Low/Medium risk - 2	1	1.440	0.000
Medium risk - 3	14	97.081	1.036
Medium/High risk - 4	15	89.471	16.192
High risk - 5	9	142.318	35.731
Total	106	578.935	52.960

6.10. In total, £35.731m LGF is forecast for spend on high-risk projects beyond the end of Q2 2022/23. A summary of the 9 high risk projects is set out in Appendix E.

6.11. Updates on 6 of the high-risk projects are provided under Agenda Items 11, 12, 13, 14 and 15. In summary, the position regarding the other 3 high-risk projects is as follows:

- 6.11.1. A127 Fairglen 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.
- 6.11.2. Essex County Council have confirmed that the Compulsory Purchase Order (CPO) 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. The UKPN objection has now been resolved and Essex County Council officers are continuing to liaise with the other 2 bodies with a view to resolving all objections. The objections need to be removed before the CPO can be confirmed. Essex County Council will shortly be reverting to the contractors who tendered for the works to ask them to re-confirm their prices, compared to their August 2020 tender submissions. Upon completion of this process, the Full Business Case will be updated to reflect the updated total cost and a final version of the Business Case will be submitted to DfT for sign off. Essex County Council are continuing to target a start onsite to deliver the A127 Fairglen Junction Improvements project in early 2023.
- 6.11.3. 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 if the S106 contributions are not forthcoming and the project cannot be delivered in accordance with the agreed LGF Business Case. In this situation, the LGF funding would need to be returned to SELEP for reallocation to alternative projects.
- 6.11.4. 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 report on the HIF project was taken to Medway Council Cabinet in July 2022, this provided an update on the two major consultations, alongside the impact of design freeze on highways and rail. This step enabled the work on the various planning applications to move into the assessment of impacts phase. The key next steps in the programme are a consultation on the Hoo Development Framework, the submission of planning applications for the highways scheme in February 2023 and for the rail scheme in March 2023. Medway Council is in regular discussion with Homes England in relation to programme and budget and have confirmed that there are no changes in these areas to report at this stage.

- 6.11.5. 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 if the HIF funded works are not forthcoming and the Project cannot be delivered in accordance with the agreed LGF Business Case. In this situation, the LGF funding would need to be returned to SELEP for reallocation to alternative projects.

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, 30 projects are currently forecasting LGF spend beyond 30 September 2021 totalling £76.77m, as set out in Appendix C. This includes the 3 Kent County Council projects identified at the last Board where full LGF spend was achieved prior to 30 September 2021 but could not be reported due to a delay in processing internal Kent County Council charges.
- 7.3. 27 of these projects have been considered and approved for spend beyond 30 September 2021 by both the Board and Strategic Board. The 3 Kent County Council projects have not sought approval for spend of the LGF funding beyond 30 September 2021 as the forecast of spend in 2022/23 is a reflection of a delay in completing required accounting processes, rather than a delay in spending the funding.
- 7.4. If any of the approved projects report a project completion date which is delayed by more than 6 months, a further decision is required from the Board to grant this extension. This requirement is in line with the change management process set out in the Assurance Framework and Service Level Agreements between SELEP Ltd, Essex County Council, as Accountable Body, and the local authorities.

8. Projects remaining on LGF pipeline

- 8.1. As set out in Section 4 of this report, the first 10 projects identified on the LGF pipeline have now received their additional LGF funding following approval by the Board in February and March 2021. Subsequently, the next two projects on the pipeline – the Kent and Medway EDGE Hub and the Mercury Rising projects – received the additional funding requested following the cancellation of the Basildon Innovation Warehouse project and the reduction in LGF allocation to the A26 Tunbridge Wells Cycle and Junction Improvements Package. In addition, the Southend Airport Business Park project has received a small proportion of the additional LGF funding requested.
- 8.2. For the remaining projects on the pipeline (listed in appendix B), additional LGF can only be awarded if further LGF funding becomes available through the cancellation of existing projects within the LGF programme.
- 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 if required. These projects will remain under review and any significant risks to project delivery 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. A key risk which has been identified across the majority of the ongoing projects is the scale of the cost increases experienced as a combined result of the COVID-19 and Brexit impacts on the labour and materials supply chain and the current high inflation levels. For projects which are still in the process of procuring a contractor, or which are required to re-tender due to delays in progressing the planned works, contractors are returning significantly higher costs than originally anticipated – resulting in either the need for additional funding to be secured or for value engineering to be undertaken. Cost increases are also impacting on projects which are already in delivery, with contractor claims for additional costs being received. There are limited mitigation measures available but purchasing of all materials at the outset of the construction programme has been identified as a mechanism for mitigating the risk of further cost increases as the project progresses onsite.

- 9.2. The other main risks include the impact of the COVID-19 pandemic on the delivery (and pace of delivery) of project 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.
- 9.3. 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. A commitment to provide the resources needed to complete the required post scheme completion monitoring and evaluation reports is set out in each Business Case considered by the Board. A list of the outstanding post scheme evaluation reports is provided at Appendix G.
- 9.4. 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, despite it being a requirement of the Service Level Agreement, 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 as the remaining balance of LGF for each project was transferred to each Local Authority under the terms of the Service Level Agreement (SLA) that is in place with each Partner Authority. Any LGF transfers of Capital in advance of need could be applied as a 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 (referenced in previous reports as an 'option 4' capital swap) or to be held as a ringfenced grant by the respective Local Authorities.

- 10.3. As the remaining balance of LGF for each project has 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. The SLAs in place set out the Grant responsibilities for the Partner Authorities, which include 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. Updates to the Board should include ongoing monitoring of possible risks which may impact delivery of LGF projects along with proposed mitigations; this is essential, due to the current uncertain economic climate and increasing inflation, together with ongoing impacts experienced following the Covid-19 pandemic and Brexit.
- 10.4 Reporting is also required to include the monitoring and evaluation reports post completion of the respective Projects; these reports should provide assurance to the Board that the anticipated outputs and outcomes set out in the business cases are being delivered; or, provide an update where there are risks to realisation of the outputs and outcomes. This requirement is included in the SLAs in place with each Partner Authority.
- 10.4. Essex County Council, as the Accountable Body, is responsible for ensuring that the LGF funding is utilised in accordance with the conditions set out by Government for use of the Grant. This is managed through the SLAs which set out the conditions for use of the grant.
- 10.5. Should the funding not be utilised in accordance with the conditions of the SLAs, Partners may be required by the Board to return the funding to the Accountable Body.

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 a requirement 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

Local Growth Fund Capital Programme Update

- 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
- 13.7. Appendix G – Outstanding Post Scheme Completion Monitoring and Evaluation reports

(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	16/11/22
(On behalf of Nicole Wood, S151 Officer, Essex County Council)	

Appendix A LGF spend forecast update

SELEP number	Project Name	Spend to 2021/22	2022/23 Q1	2022/23 Q2	2022/23 Q3	2022/23 Q4	2022/23 Total	2023/24 and beyond	All Years
East Sussex									
LGFF0002	Newhaven Flood Defences	1.500							1.500
LGFF0023	Hailsham/Polegate/Eastbourne Movement and Access Transport scheme	1.615	0.012	0.033	0.220	0.220	0.485		2.100
LGFF0024	Eastbourne and South Wealden Walking and Cycling LSTF package	4.610	0.070	0.002	0.234	0.234	0.540	1.450	6.600
LGFF0036	Queensway Gateway Road	10.000							10.000
LGFF0066	Swallow Business Park, Hailsham (A22/A27 Growth Corridor)	1.400							1.400
LGFF0067	Sovereign Harbour (aka Site Infrastructure Investment)	1.700							1.700
LGFF0085	North Bexhill Access Road and Bexhill Enterprise Park	18.600							18.600
LGFF0042	Hastings and Bexhill Movement and Access Package	4.428	0.994	0.168	0.552	0.553	2.267	2.305	9.000
LGFF0043	Hastings and Bexhill LSTF walking and cycling package (combined with above scheme)								
LGFF0044	Eastbourne town centre LSTF access & improvement package	5.817	0.014	0.024	0.247	0.247	0.532	1.651	8.000
LGFF0073	A22/A27 junction improvement package								
LGFF0068	Coastal Communities Housing Intervention Hastings	0.667							0.667
LGFF0097	East Sussex Strategic Growth Project	8.200							8.200
LGFF0099	Devonshire Park	5.000							5.000
LGFF0108	Bexhill Enterprise Park North	1.940							1.940
LGFF0109	Skills for Rural Businesses Post-Brexit	3.498	0.915				0.915		4.413
LGFF0110	Churchfields Business Centre (previously known as Sidney Little Road Business Incubator Hub)	0.500							0.500
LGFF0116	Bexhill Creative Workspace	0.960							0.960
LGFF0117	Exceat Bridge Replacement								
LGFF0124	Eastbourne Fisherman	1.440							1.440
Essex									
LGFF0004	Colchester Broadband Infrastructure	0.200							0.200
LGFF0025	Colchester LSTF	2.400							2.400
LGFF0026	Colchester Integrated Transport Package	5.000							5.000
LGFF0027	Colchester Town Centre	4.600							4.600
LGFF0028	TGSE LSTF - Essex	3.000							3.000
LGFF0031	A414 Pinch Point Package: A414 First Avenue & Cambridge Rd junction	10.487							10.487
LGFF0032	A414 Maldon to Chelmsford RBS	2.000							2.000
LGFF0033	Chelmsford Station / Station Square / Mill Yard	3.000							3.000
LGFF0034	Basildon Integrated Transport Package	6.586							6.586
LGFF0037	Colchester Park and Ride and Bus Priority measures	5.800							5.800
LGFF0048	A131 Chelmsford to Braintree	3.660							3.660
LGFF0049	A414 Harlow to Chelmsford (removed from programme)								
LGFF0050	A133 Colchester to Clacton	2.740							2.740
LGFF0051	A131 Braintree to Sudbury (removed from programme)								
LGFF0063	Chelmsford City Growth Area Scheme	10.000							10.000
LGFF0064	Chelmsford Flood Alleviation Scheme (removed from programme)								
LGFF0070	Beaulieu Park Railway Station							12.000	12.000
LGFF0068	Coastal Communities Housing Intervention (Jaywick)	0.667							0.667
LGFF0095	Gilden Way Upgrading, Harlow	5.000							5.000
LGFF0098	Technical and Professional Skills Centre at Stansted Airport	3.500							3.500

Appendix A LGF spend forecast update

SELEP number	Project Name	Spend to 2021/22	2022/23 Q1	2022/23 Q2	2022/23 Q3	2022/23 Q4	2022/23 Total	2023/24 and beyond	All Years
LGF00100	Innovation Centre - University of Essex Knowledge Gateway	2.000							2.000
LGF00101	STEM Innovation Centre - Colchester Institute	5.000							5.000
LGF00102	A127/A130 Fairglen Interchange new link road	6.235							6.235
LGF00103	M11 Junction 8 Improvements	2.734	1.000				1.000		3.734
LGF00105	Mercury Rising Theatre	1.228							1.228
LGF00111	Basildon Digital Technologies Campus	2.150							2.150
LGF00112	Colchester Institute training centre (Groundworks and scaffolding)	0.050							0.050
LGF00113	USP College Centre of Excellence for Digital Technologies and Immersive Learning , Benfleet	0.900							0.900
LGF00114	Flightpath Phase 2	1.982							1.982
LGF00118	Basildon Innovation Warehouse (removed from programme)								
LGF00119	University of Essex Parkside (Phase 3)	0.499	0.190	2.618	1.693		4.501		5.000
LGF00125	New Construction Centre, Chelmsford	1.295							1.295
LGF00127	Colchester Grow on Space	0.417		0.055	0.250	0.120	0.425	2.935	3.777
Kent									
LGF00003	I3 Innovation Investment Loan Scheme	5.644				0.356	0.356		6.000
LGF00006	Tonbridge Town Centre Regeneration	2.631							2.631
LGF00007	Sittingbourne Town Centre Regeneration	2.500							2.500
LGF00008	M20 Junction 4 Eastern Overbridge	2.200							2.200
LGF00009	Tunbridge Wells Jct Improvement Package (formerly - A26 London Rd/ Speldhurst Rd/ Yew Tree Rd, Tun Wells)	1.177							1.177
LGF00010	Kent Thameside LSTF	4.500							4.500
LGF00011	Maidstone Gyrotory Bypass	4.600							4.600
LGF00012	Kent Strategic Congestion Management Programme	4.800							4.800
LGF00013	Middle Deal transport improvements	0.800							0.800
LGF00014	Kent Rights of Way improvement plan	1.000							1.000
LGF00015	Kent Sustainable Interventions Programme	2.728							2.728
LGF00016	West Kent LSTF	4.900							4.900
LGF00017	Folkestone Seafront : onsite infrastructure and engineering works	0.541							0.541
LGF00038	A28 Chart Road - on hold	2.756							2.756
LGF00039	Maidstone Integrated Transport	5.494	0.040	0.086	0.550	0.873	1.549	1.857	8.900
LGF00040	A28 Sturry Link Road	1.228	0.017	0.023	0.500	1.515	2.055	2.617	5.900
LGF00053	Rathmore Road	4.200							4.200
LGF00054	A28 Sturry Rd Integrated Transport Package (removed from programme)								
LGF00055	Maidstone Sustainable Access to Employment	2.000							2.000
LGF00059	Ashford Spurs	7.885			0.002		0.002		7.887
LGF00041	Thanet Parkway	14.000							14.000
LGF00058	Dover Western Dock Revival	5.000							5.000
LGF00060	Westenhanger Lorry Park (removed from Programme)								
LGF00062	Folkestone Seafront (non-transport)	5.000							5.000
LGF00072	A226 London Road/B255 St Clements Way	4.200							4.200
LGF00068	Coastal Communities Housing Intervention (Thanet)	0.667							0.667
LGF00086	Dartford Town Centre Transformation	4.300							4.300

Appendix A LGF spend forecast update

SELEP number	Project Name	Spend to 2021/22	2022/23 Q1	2022/23 Q2	2022/23 Q3	2022/23 Q4	2022/23 Total	2023/24 and beyond	All Years
LGF00088	Fort Halsted (removed from programme)								
LGF00092	A2500 Lower Road	1.265							1.265
LGF00093	Kent and Medway Engineering and Design Growth and Enterprise Hub	6.978		0.043	0.323		0.366		7.344
LGF00096	A2 off-slip at Wincheap, Canterbury (removed from programme)								
LGF00094	Leigh Flood Storage Area	2.299			0.051		0.051		2.349
LGF00106	Sandwich Rail Infrastructure	1.913							1.913
LGF00120	M2 J5 improvements	1.600							1.600
LGF00121	Kent and Medway Medical School	9.000							9.000
LGF00126	East Malling Advanced Technology Horticultural Zone	1.998		0.001			0.001		1.999
Medway									
LGF00018	A289 Four Elms Roundabout to Medway Tunnel Journey time and Network Improvements	1.821							1.821
LGF00019	Strood Town Centre Journey Time and Accessibility Enhancements	8.600							8.600
LGF00020	Chatham Town Centre Place-making and Public Realm Package	4.200							4.200
LGF00021	Medway Cycling Action Plan	2.500							2.500
LGF00022	Medway City Estate Connectivity Improvement Measures	2.200							2.200
LGF00061	Rochester Airport - phase 1	4.400							4.400
LGF00089	IPM (Rochester Airport - phase 2)	3.700							3.700
LGF00091	Strood Civic Centre - flood mitigation	3.500							3.500
LGF00115	IPM 2 (Rochester Airport - phase 3)	1.519							1.519
Southend									
LGF00005	Southend Growth Hub	0.720							0.720
LGF00107	Southend Forum 2								
LGF00029	TGSE LSTF - Southend	1.000							1.000
LGF00045	Southend Central Area Action Plan (SCAAP) - Transport Package	7.000							7.000
LGF00057	London Southend Airport Business Park Phase 1 and 2 (including Southend and Rochford Joint Area Action Plan)	23.163		0.207			0.207		23.370
LGF00115	Southend Town Centre	0.336	0.347	0.942			1.289		1.625
Thurrock									
LGF00030	TGSE LSTF - Thurrock	1.000							1.000
LGF00046	Thurrock Cycle Network	5.000							5.000
LGF00047	London Gateway/Stanford le Hope	7.500							7.500
LGF00052	A13 Widening - development	5.000							5.000
LGF00056	Purfleet Centre	5.000							5.000
LGF00104	Grays South	5.142	0.100		0.475	0.195	0.770	4.929	10.840
LGF00123	Tilbury Riverside (removed from programme)								
	A13 widening - additional funding	1.500							1.500
Managed Centrally									
LGF00001	Skills	21.975							21.975
LGF00071	M20 Junction 10a	19.700							19.700
Sub-total		421.279	3.699	4.203	5.096	4.314	17.312	29.744	468.335

Appendix A LGF spend forecast update

SELEP number	Project Name	Spend to 2021/22	2022/23 Q1	2022/23 Q2	2022/23 Q3	2022/23 Q4	2022/23 Total	2023/24 and beyond	All Years
DfT retained schemes									
LGFO0079	A127 Fairglen Junction Improvements	1.500						13.500	15.000
LGFO0080	A127 Capacity Enhancements Road Safety and Network Resilience (ECC)	4.000							4.000
LGFO0081	A127 Kent Elms Corner	4.300							4.300
LGFO0082	A127 The Bell	3.976	-0.092	0.109	0.100	0.206	0.324		4.300
LGFO0083	A127 Essential Bridge and Highway Maintenance - Southend	8.000							8.000
LGFO0084	A13 Widening	75.000							75.000
Sub-total retained schemes		96.776	-0.092	0.109	0.100	0.206	0.324	13.500	110.600

Appendix B – LGF pipeline, as at 25 November 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%	TBC
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 Quayside and Infrastructure Development	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%	Mar-23
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%	Nov-22
LGF00127	Colchester Grow on Space	Essex	3.7775	3.5721	94.6%	Jun-24
LGF00003	i3 Innovation Investment Loan Scheme (Kent & Medway Growth Hub)	Kent	6.0000	0.3565	5.9%	Mar-23
LGF00039	Maidstone Integrated Transport	Kent	8.9000	3.9897	44.8%	Jun-24
LGF00040	A28 Sturry Link Road	Kent	5.9000	4.7049	79.7%	Dec-25
LGF00041	Thanet Parkway	Kent	14.0000	14.0000	100.0%	May-23
LGF00059	Ashford Spurs (project complete but internal KCC charges remain outstanding)	Kent	7.8868	0.0017	0.0%	Apr-20
LGF00093	Kent and Medway EDGE Hub	Kent	7.3440	0.5980	8.1%	Dec-22
LGF00094	Leigh Flood Storage Area (internal KCC charges remain outstanding)	Kent	2.3490	0.0505	2.1%	Mar-26
LGF00126	East Malling Advanced Technology Horticultural Zone (project complete but internal KCC charges remain outstanding)	Kent	1.9986	0.0006	0.0%	May-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%	Feb-23
LGF00115	IPM2 (Rochester Airport - Phase 3)	Medway	1.5185	0.9165	60.4%	Feb-23
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%	Nov-22
LGF00115	Southend Town Centre	Southend	1.6250	1.4264	87.8%	Jan-24
LGF00104	Grays South	Thurrock	10.8403	6.1093	56.4%	Jul-25

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 (Aug-22)	Expected completion date (Oct-22)	Months delay incurred (since original Business Case)	Months delay incurred (since last update)	Deliverability RAG rating	LGF allocation (£)	Actual LGF spend to end of Q2 2022/3 (£)	Forecast LGF spend from Q3 2022/23 onwards	Financials RAG rating	Reputational risk RAG	Overall RAG rating
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	1,659,639	440,361	3	3	4
Eastbourne and South Wealden Walking and Cycling LSTF package	Nov-15 and Feb-19	Construction in progress	Ongoing	Mar-21	Dec-24	Dec-24	46		5	6,600,000	4,681,663	1,918,337	4	3	4
Queensway Gateway Road	Mar-15	Construction in progress	Complete	Mar-16	TBC	TBC			5	10,000,000	10,000,000		5	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		3	4	4
Hastings and Bexhill Movement and Access Package	Feb-18	Construction in progress	Ongoing	Mar-21	Sep-25	Sep-25	55		5	9,000,000	5,590,320	3,409,680	4	3	4
Eastbourne Town Centre LSTF access and improvement package	Apr-16 and Feb-19	Construction in progress	Ongoing	Mar-21	May-24	May-24	39		5	8,000,000	5,855,008	2,144,992	4	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		3	4	4
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	Project in progress	Complete	Mar-20	Jul-22	TBC			5	1,940,000	1,940,000		3	4	4
Skills for Rural Businesses Post-Brexit (Plumpton College)	Jun-19 and Feb-21	Construction in progress	Complete	Mar-21	Jan-23	Jan-23	22		4	4,413,000	4,413,000		2	2	3
Churchfields Business Centre (previously known as Sidney Little Road Business Incubator Hub)	Jun-19	Construction in progress	Complete	Mar-21	Sep-22	Jan-23	22	4	4	500,000	500,000		2	2	3
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	3	2
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	5	5
Coastal Communities Housing Intervention Jaywick	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 (Aug-22)	Expected completion date (Oct-22)	Months delay incurred (since original Business Case)	Months delay incurred (since last update)	Deliverability RAG rating	LGF allocation (£)	Actual LGF spend to end of Q2 2022/3 (£)	Forecast LGF spend from Q3 2022/23 onwards	Financials RAG rating	Reputational risk RAG	Overall RAG rating
Giiden 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 Fairglen Interchange new link road	Feb-19	Design in progress	Complete	Apr-22	TBC	TBC			5	6,235,000	6,235,000		3	5	4
M11 junction 8 improvements	Nov-17 and Mar-21	Construction in progress	Complete	Mar-21	Mar-23	Mar-23	24		5	3,733,896	3,733,896		2	3	3
Mercury Rising Theatre	Nov-17 and Sep-21	LGF project delivered	Complete	Mar-20	Mar-22	Mar-22	25		1	1,228,000	1,228,000		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	May-23	May-23	26		5	5,000,000	3,306,923	1,693,077	4	2	4
New Construction Centre, Chelmsford College	Jul-20	Construction in progress	Complete	Sep-21	Oct-22	Nov-22	14	1	4	1,295,200	1,295,200		2	2	3
Colchester Grow on Space, Queen Street	Feb-21	Construction in progress	Ongoing	Jul-22	Jun-24	Jun-24	22		4	3,777,451	472,391	3,305,060	5	2	4
Kent															
I3 Innovation Project (formerly referred to as the Kent and Medway Growth Hub)	Nov-15	Project ongoing	Ongoing	Mar-21	Mar-23	Mar-23	24		5	6,000,000	5,643,546	356,454	2	2	3
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		3	2	3
Kent Thameside LSTF	Mar-15	LGF project delivered	Complete	Mar-21	Sep-22	Sep-22	17		1	4,500,000	4,500,000		1	1	1
Maidstone Gyrotory 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	Deliverability									Financial					
	Accountability Board approval	Delivery Status	Spend status of LGF funding award	Expected completion date (as stated in Business Case)	Expected completion date (Aug-22)	Expected completion date (Oct-22)	Months delay incurred (since original Business Case)	Months delay incurred (since last update)	Deliverability RAG rating	LGF allocation (£)	Actual LGF spend to end of Q2 2022/3 (£)	Forecast LGF spend from Q3 2022/23 onwards	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	5,619,952	3,280,048	4	4	4
A28 Sturry Link Road	Jun-16	Design in progress	Ongoing	Oct-21	Jun-25	Dec-25	51	6	5	5,900,000	1,267,822	4,632,178	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	Ongoing	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		3	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-24	Dec-24	46		5	4,300,000	4,300,000		3	3	4
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	Dec-22	Dec-22	27		5	7,344,000	7,021,000	323,000	2	1	3
Leigh Flood Storage Area and East Peckham - unlocking growth	Sep-18	Construction in progress	Ongoing	Jul-23	Oct-25	Mar-26	32	5	5	2,349,000	2,298,500	50,500	2	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		5	1,600,000	1,600,000		1	5	4
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	1,998,600		1	1	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	1	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	Construction in progress	Complete	Dec-20	Nov-22	Feb-23	26	3	5	3,700,000	3,700,000		3	4	4
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	Construction in progress	Complete	Dec-21	Nov-22	Feb-23	14	3	4	1,518,500	1,518,500		3	4	4
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	Dec-22	Mar-23	24	4	5	4,300,000	3,993,963	306,037	2	2	3
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	LGF project delivered	Complete	Mar-21	Jun-22	Jun-22	14		1	7,000,000	7,000,000		1	1	1
London Southend Airport Business Park	Feb-16, Sep-17, Sep-18 and Sep-21	Construction in progress	Complete	Mar-21	Sep-22	Nov-22	19	2	4	23,369,517	23,369,517		2	2	3
Southend Town Centre Interventions	Jul-20 and Feb-21	Construction in progress	Complete	Mar-21	Jan-24	Jan-24	36		5	1,625,000	1,625,000		2	3	3
Thurrock															

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 (Aug-22)	Expected completion date (Oct-22)	Months delay incurred (since original Business Case)	Months delay incurred (since last update)	Deliverability RAG rating	LGF allocation (£)	Actual LGF spend to end of Q2 2022/3 (£)	Forecast LGF spend from Q3 2022/23 onwards	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	TBC			5	7,500,000	7,500,000		5	5	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	2	3
Grays South	Feb-19	Design in progress	Ongoing	Jul-22	Nov-24	Jul-25	37	8	5	10,840,274	5,241,603	5,598,671	5	4	5
A13 widening	Apr-17, Jul-20 and Mar-21	Construction in progress	Complete	Dec-19	Nov-22	Jan-23	37	1	5	76,500,000	76,500,000		5	4	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			1	19,700,000	19,700,000		1	1	1
TOTAL										578,935,369	525,975,287	52,960,082			

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 13.
A127 Fairglen Junction Improvements, Essex		15.00	10%	Business Case requires DfT approval. Decision still outstanding.	Board will be notified once DfT funding decision has been made.
Beaulieu Park Railway Station		12.00	0%	Further work is required before it is possible to confirm the track possessions required to ensure project delivery remains on programme. Essex County Council have 2 HIF projects which are covered under the same agreement. The other HIF project is struggling with cost increases which may mean the project is not delivered. The joint agreement may mean that the Beaulieu Park Station funding is lost if the other project cannot progress.	An update on the project is provided under Agenda Item 12.
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 15.
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. Furthermore, there is not currently an agreed LGF Business Case in place for the project.	An update on the project is provided under Agenda Item 11.
Grays South		10.84	43.6%	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 14.
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 15.

Total 142.32

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 and rising inflation levels, 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

Appendix G - Outstanding post scheme completion Monitoring and Evaluation reports

Project	Area	1 Year Post Completion	3/5 Year Post Completion
Sovereign Harbour	East Sussex	Outstanding	Outstanding
Swallow Business Park	East Sussex	Received	Outstanding
Coastal Communities Housing Intervention	East Sussex	Outstanding	Not due
Devonshire Park	East Sussex	Outstanding	Expected 2022/23
Colchester Broadband Infrastructure	Essex	Outstanding	Outstanding
Colchester Integrated Transport Package	Essex	Outstanding	Not due
Coastal Communities Housing Intervention	Essex	Outstanding	Not due
Technical and Professional Skills Centre at Stansted	Essex	Outstanding	Expected 2022/23
STEM Innovation Centre, Braintree	Essex	Outstanding	Not due
STEM Innovation Centre, Colchester	Essex	Outstanding	Not due
Tonbridge Town Centre	Kent	Received	Outstanding
M20 Junction 4	Kent	Received	Outstanding
Maidstone Gyratory Bypass	Kent	Received	Outstanding
Maidstone Sustainable Access to Employment	Kent	Received	Outstanding
Folkestone Seafront: onsite infrastructure and Engineering Works	Kent	Outstanding	Expected 2022/23
Ashford Spurs	Kent	Outstanding	Not due
A2500 Lower Road	Kent	Outstanding	Expected 2022/23
Sandwich Rail Infrastructure	Kent	Outstanding	Not due
Chatham Town Centre Placemaking	Medway	Outstanding	Expected 2022/23
Strood Civic Centre – flood mitigation	Medway	Outstanding	Expected 2022/23
Southend Growth Hub	Southend	Outstanding	Outstanding
Thurrock Cycle Network	Thurrock	Received	Outstanding

Report title: Beaulieu Park Station Project Update Report	
Report to: Accountability Board	
Report author: Gary Macdonnell, Network Coordinator, Essex County Council and Howard Davies, SELEP Capital Programme Officer	
Meeting date: 25 November 2022	For: Information
Enquiries to: howard.davies@southeastlep.com	
SELEP Partner Authority affected: Essex	

1. Purpose of report

- 1.1. The purpose of this report is for the Accountability Board (the Board) to receive an update on the Beaulieu Park Station Local Growth Fund (LGF) project (the Project) which has been identified as High risk.

2. Recommendations

- 2.1. The Board is asked to:
- 2.1.1. **Note** the update on the Project and the risks to project delivery which have been identified.
- 2.1.2. **Note** a further update will be brought to the March 2023 Board meeting which will include an update on the decoupling of the two HIF projects included within the Homes England funding agreement and the status of the required rail possessions.

3. Background

- 3.1. The Project seeks to bring forward a new railway station in Chelmsford. The new station will be sited on the existing Great Eastern Main Line (GEML), on the eastern side of Beaulieu, 3 miles north east of Chelmsford, located adjacent to the A12/A138/B1137 junction 19 to serve the growth in North Chelmsford as well as wider growth in parts of Maldon, Braintree and Uttlesford districts which are not currently well served by rail.
- 3.2. The turnback / passing loop provides operational resilience and flexibility in a network that is heavily used and operating at near capacity. This scheme option gives Network Rail full operational ability to turn back trains in both directions and also allows trains to pass each other in both directions. The station is proposed to be a rail head and would be used to start / terminate some of the services that today start / terminate at Chelmsford, to distribute demand effectively and to allow for services to be timetabled effectively.
- 3.3. The station will provide train services for residents and workers, support future business development and existing business activity, and will relieve pressure on Chelmsford station.

Beaulieu Park Station Project Update report

The station design also incorporates a public transport interchange, car parking, cycle parking and access.

- 3.4. The award of £12m LGF funding to support delivery of the Project was agreed by the Board in February 2019. To date, none of the LGF funding has been spent.
- 3.5. A substantial amount of the funding for project delivery has been secured through the Housing Infrastructure Fund (HIF), administered by the Department for Levelling Up, Housing and Communities. Essex County Council have entered into a comprehensive Grant Determination Agreement (GDA) with Homes England in relation to the HIF funding. The GDA sets out the terms of the funding and the deliverables for the project including various warranties, conditions precedent and milestone dates that must be achieved by Essex County Council in order for the funding to be released.
- 3.6. The GDA covers the total amount of HIF funding secured by Essex County Council for Beaulieu Park Station and for Chelmsford North East Bypass. The total HIF allocation awarded is £218m, which is split between the two projects as follows: Beaulieu Park Station - £124.5m and Chelmsford North East Bypass - £93.5m.
- 3.7. The GDA agreement joins the Beaulieu Park Station and Chelmsford North East Bypass projects together, which means that if one of the projects fails the total HIF allocation will be lost and any expenditure incurred to date can be clawed back by Homes England under the terms of the agreement.
- 3.8. The Project is being promoted by Essex County Council and is being delivered on their behalf by Network Rail. J. Murphy and Sons Ltd have been appointed as the contractor to construct the station and make all necessary rail alterations. Through the GDA Essex County Council has committed to cover any operational losses that the station may make until the point it breaks even.
- 3.9. The intended benefits of the Project include:
 - 3.9.1. Acceleration of planned new homes and jobs and their associated economic benefits
 - 3.9.2. Facilitation of dependent development - new homes and jobs and their associated economic benefits which otherwise could not happen
 - 3.9.3. Increase in fare box revenue for the railway
 - 3.9.4. Reduced congestion at Chelmsford station
 - 3.9.5. Reduced congestion in Chelmsford city centre at peak times (weekday and weekends)
 - 3.9.6. Improved access to the rail network for residents and businesses in the Heart of Essex not well served by rail; and
 - 3.9.7. Improved network resilience and reliability for train services using the Great Eastern Main Line.

4. Project Update

- 4.1. Essex County Council entered a GDA with Homes England on the 22 March 2021 for £217,816,101 of HIF funding to deliver two infrastructure projects - Beaulieu Park Station and the Chelmsford North-East Bypass. These projects will support the creation of 10,500 new houses across seven sites - six in Chelmsford and one in Braintree. Both districts have approved local plans allocating these sites for housing development.
- 4.2. The current position is that Essex County Council has completed all internal approvals and approval was given by Essex County Council Cabinet in July 2022 to progress with construction. All external approvals are in place with Network Change being confirmed on 21 October 2022. Network Change, in this case, is a change which may have a material effect on the operation of the network or on trains operated on the Network and as a result must be agreed by all parties operating on the line.
- 4.3. Essex County Council will enter into an Implementation Agreement with Network Rail to allow construction to commence. The contractor will start on site in November 2022 – initially progressing with site set up and with placing orders for items with long lead-in times. Construction activity will start in March 2023.
- 4.4. Network Rail contracts to permit third party development on the network are referred to as Implementation Agreements. They are designed for use on larger projects, typically with a value in excess of £5 million, or where the project is especially complex (the Project falls within both of these categories). The Implementation Agreement establishes the commercial terms for enhancement work on or near the controlled railway infrastructure. It allows for detailed design and implementation of the customer-funded scheme, with the contracting strategy agreed by the parties. The agreement for the Project will cover GRIP Stages 6-8 inclusive (construction and close out stages).
- 4.5. As stated in section 3.7, the GDA covers both the Project and the Chelmsford North East Bypass requiring both projects to progress as per the agreed HIF applications if the funding is to be received. At the current time, the Chelmsford North East Bypass element is not progressing as planned as there is a budget deficit which needs to be bridged if the works are to progress. In light of the risk this poses to the HIF funding secured to support delivery of the Project, Essex County Council are currently engaging with Homes England regarding the possibility of decoupling the two projects. If agreed, this would allow the Project to progress regardless of the status of the Chelmsford North East Bypass project.
- 4.6. At the current time the Project is progressing with the full knowledge that Homes England could under the terms of the current GDA clawback all the HIF monies that have been spent developing both projects leaving Essex County Council to fund the full cost of the Project. As referenced above, there are currently significant budget and timing issues associated with the Chelmsford North East Bypass project which if not addressed ensuring delivery represents a default on the agreed contract terms.
- 4.7. In this situation if Essex County Council were unable to source alternative funding to support delivery of the Project, meaning that the Project could not be delivered in accordance with the agreed LGF Business Case, SELEP would seek the return of the £12m LGF allocation. Essex County Council is committed to constructing the Project but would not be able to continue without HIF/SELEP funding in place.

- 4.8. Essex County Council will be signing an initial interim Implementation Agreement, allowing the Project to start on site, which will take the Project up to the end of March 2023 and would cap Essex County Council's financial risk exposure to circa £15m. It is hoped that Essex County Council can work with Homes England to agree the changes outlined above (primarily decoupling of the two projects into separate GDA's) which will allow Essex County Council to then enter into the full Implementation Agreement.
- 4.9. Essex County Council is currently working on drafting the contract change notice in relation to the decoupling of the HIF projects and on ensuring that all internal parties including Councillors agree that this is the best way to progress. The request was formally submitted to Homes England on 7 November 2022, with a response anticipated in the New Year. If necessary, a verbal update will be provided during the course of this meeting.
- 4.10. The potential for the projects to be decoupled has been informally discussed with Homes England and they have confirmed that it is an option they are open to discussing. Essex County Council is undertaking some scoping work to ensure that, if decoupled, the projects can make a case with a healthy Benefit Cost Ratio and assigned housing numbers, that they can be considered significant contributors towards the support of Local Plans in their own right.
- 4.11. Alongside the discussions regarding the decoupling of the HIF projects, discussions have been taking place between Essex County Council and Chelmsford City Council with regard to the Chelmsford North East Bypass project. These discussions have been encouraging and there is positivity that the Councils will be able to work together to use future Housing receipts to bridge the current budget gap.

5. Programme

- 5.1. The programme set out in Table 1 compares the original delivery programme as set out in the HIF application with the current timetable. Key areas of change were experienced in relation to:
 - 5.1.1. The introduction and acceptance of the Project for the Network Rail 'Project SPEED initiative - Project SPEED (Swift, Pragmatic and Efficient Enhancement Delivery) was jointly developed by the Department for Transport (DfT) and Network Rail in 2020. Infrastructure projects at different stages of development have been reviewed to identify how Government funding could go further and work could be carried out faster.
 - 5.1.2. This approach identified 10 key themes to lower costs and speed up the delivery of infrastructure schemes, such as rapidly increasing the use of innovative construction methods and removing complexity from planning processes which reduced a lot of governance.
 - 5.1.3. The removal of the need to undertake a Transport and Works Act Order (TWAO) application for the Project – the TWAO 1992 was established by Parliament and is a system by which the construction of rail infrastructure can proceed. Applications under this act are heard and approved by order of the Minister of State at the DfT. The timeframe for completing the process is open ended. Following legal advice sought by Network Rail it was confirmed that the Project does not require a TWAO, instead needing only to go through the Network Change to secure permissions.

- 5.2. There also ended up being a lot of crossover of the GRIP stages which was previously not thought to be possible. Whilst this crossover has meant that the duration of the programme has been reduced, it means there aren't clearly defined start and end dates to the GRIP stages.
- 5.3. Table 1 below shows the project programme with progress tracked against dates shown at the time of the HIF bid (March 2019). Please note that the opening date quoted represents the 'best case.'

Table 1: Updated Project programme

Project Milestone	Indicative Date	Nov 2022 Update
GRIP 3 Option Selection	Q4 2018/19	Q4 2018/19
Submission of Housing Infrastructure Fund (HIF) Bid	March 2019	March 2019
Government decision on HIF funding	May 2019	Sept 2019
GRIP 3 Approval in Principle	Q3 2019/20	Q3 2019/20
GRIP 3 Stage Gate	Q4 2019/20	Q4 2019/20
GRIP 4 Award and Funding Statement Secured	Q1 2020/21	Q1 2020/21
GRIP 4 Design Complete	Q4 2020/21	Q4 2020/21
TWAO Application	Q4 2020/21	Not Required
TWAO Approval	Q2 2021/22	Not Required
Award D&B Contract	Q4 2021/22	Q4 2021/22
GRIP 5 Design Complete	Q4 2022/23	Q2 2022/23
Beaulieu Park Station Mobilisation and Construction Start Date	Q4 2022/23	Q3 2022/23
Decoupling of HIF agreement		Q4 2022/23
Track Possessions		Q3/4 2023/24
Handover of station into service	Q3 2025/26	Q3 2024/25

- 5.4. As set out in Table 1 construction will commence onsite in the New Year, with site set up beginning during November 2022.



6. Update on Project Costs


- 6.1. The Project is being delivered by Network Rail under a New Engineering Contract (NEC) Option A contract which means that Network Rail and the contractor are setting the programme and financial profiling with minimal interference.
- 6.2. An Option A NEC contract is a priced contract with an activity schedule where the risk of carrying out the work at the agreed price is largely borne by the contractor.

7. Project Risks

- 7.1. The key project risks and milestones have been identified in Table 2 below.

Table 2: Summary of key project risks and milestones

Risk	RAG rating (September 2022)	Change since last Board meeting	Current RAG rating (November 2022)	Progress & Actions
<p>Programme - Requires confirmation of track possession. If these possessions are not confirmed there will inevitably be delays to delivery that may put the project outside of the timelines for HIF drawdown and will add cost to the project, even if it's just inflationary with extended time being required.</p>	<p>Amber</p>		<p>Amber</p>	<p>Track Possessions have been requested and have support from Network Rail and Greater Anglia. These are due to be confirmed in Q4 2022/23.</p>
<p>The HIF GDA jointly covers the Chelmsford North East Bypass and Beaulieu Park Station projects and requires delivery of both elements to secure drawdown of the funding. The Chelmsford North East Bypass project is currently facing a budget gap which presents a risk to the security of the HIF funding and therefore also to delivery of the Project.</p>	<p>Red</p>		<p>Red</p>	<p>The current contractual interface with the Chelmsford North East Bypass means that Essex County Council could get penalised, making delivery of the Project unaffordable, as a result of challenges facing the Chelmsford North East Bypass project. Both pieces of infrastructure are required to support the housing shown in the HIF contract and districts local plans.</p> <p>Essex County Council have begun the process to seek permission from Homes England to decouple the projects. This option has been discussed with Homes England and it is a move that they are prepared to discuss.</p>

				<p>Alongside this workstream, Essex County Council have recently held discussions with Chelmsford City Council which have been encouraging and there is positivity that both Councils will be able to work together to use future Housing receipts to bridge the budget gap on the Chelmsford North East Bypass project.</p>
<p>Rail Track Possessions – Ensuring sufficient Buses/coaches and Drivers available during rail replacement periods for works</p>	<p>Amber</p>		<p>Amber</p>	<p>Rail possessions are required to enable delivery of the Project, as set out in Table 1. Network Rail have requested the required track possessions, with the most important period of track possessions falling over Christmas 2023. This clashes with a similar closure in Cambridge meaning the whole of the Eastern and Western Mainlines in the Anglia region would be affected. Originally declared to be a ‘no go’ the stance has softened and is now supported by Greater Anglia, Network Rail and DfT but there remains a need to secure a significant number of buses and drivers to mitigate the impact on rail users during this period. It is not certain that there will be enough buses or drivers available to satisfy the full need and therefore track possessions cannot be confirmed at this time. Essex County Council expected to receive confirmation on this point in late January/early February 2023. The requirement for buses and bus drivers will need to be assessed in more detail from that point noting the exact arrangements and scheduling in conjunction with all other potential shutdowns taking place across the country. In theory every single carriage operating on the rail network should be covered by one bus and driver. This may be relaxed but there will need to be an assessment on what</p>

Beaulieu Park Station Project Update report

				drivers for travel there will be. The economic situation will in part drive this as will any major sporting or cultural events. Network Rail and Greater Anglia do have a fallback option, which they would be reluctant to use, but a 'Do Not Travel Notice,' where the line is shut and there are no replacement services put on remains an option of last resort.
	Milestone Completion Date (September 2022)	Milestone Completion Date (November 2022)	Change in milestone date (RAG rating)	Commentary (To include: % of milestone achieved to date)
Decoupling of HIF projects or securing additional funding to support delivery of the Chelmsford North East Bypass project		January - March 2023	Green	To mitigate the risk to the HIF funding which has arisen due to the challenges faced by the Chelmsford North-East Bypass project, there is a need to either decouple the HIF projects to remove the interdependence between the projects or to secure additional funding to bridge the budget gap which currently exists on the Chelmsford North East Bypass project. A formal request to decouple the projects was submitted to Homes England in early November 2022.
Commencement of construction	March 2023	March 2023	Green	The Implementation Agreement needs to be signed prior to the commencement of construction on the site. It is intended that site set up will commence in November 2022. Milestone is 90% achieved.

Beaulieu Park Station Project Update report

Project Completion Date	31 March 2025	December 2024	Green	As the Project now sits within Project SPEED, project completion is expected earlier than previously reported.
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8. Next Steps

- 8.1. Essex County Council are working towards entering into an interim Implementation Agreement with Network Rail to take the Project through to March 2023.
- 8.2. The Project will start onsite at the end of November 2022 with site set up and ordering of items which are subject to a long lead-in period.
- 8.3. The application to Homes England to decouple the Chelmsford North East Bypass and the Project has been submitted. Essex County Council will actively engage with Homes England as required to support Government decision making in respect of this request.
- 8.4. Essex County Council will enter into a full Implementation Agreement with Network Rail to allow construction to commence in Q4 2022/23.
- 8.5. A further update report will be presented to the Board in March 2023, outlining progress on addressing the key risks around track possessions and the decoupling of the HIF projects.

9. SELEP Comments

- 9.1. The primary risk facing the Project is the current contractual arrangement in relation to the HIF funding which has been secured by Essex County Council. Under the current GDA with Homes England, both the Project and the Chelmsford North East Bypass project must be delivered in order to secure drawdown of the funding. As outlined in the report, the Chelmsford North East Bypass project is currently facing some challenges, including a funding gap, which presents a risk to the full HIF allocation.
- 9.2. Essex County Council are currently progressing two workstreams with a view to mitigating the risk to the HIF funding. The first workstream is an application to Homes England to decouple the projects, allowing the Project to progress whilst further work is undertaken to address the challenges facing the Chelmsford North East Bypass. This application was submitted to Homes England in early November 2022. The second workstream involves discussions with Chelmsford City Council to identify potential additional funding streams to bridge the current funding gap on the Chelmsford North East Bypass project. As indicated earlier in the report, initial discussions have been positive.
- 9.3. If it is not possible for Essex County Council to mitigate the risk to the HIF funding, under the terms of the GDA, Homes England could seek to claw back any funding issued to date. If the HIF funding were to be removed, Essex County Council would be required to seek alternative funding to support delivery of the Project in accordance with the agreed LGF Business Case. If alternative funding could not be secured, the Board would be asked to consider removing the Project from the LGF programme and seeking return of the LGF funding as the Project could no longer be delivered as agreed. Removal of the Project from the LGF programme would detrimentally impact on the benefits which are forecast to be achieved through the SELEP Growth Deal and would mean that a key part of the sustainable transport measures for north-east Chelmsford would not be forthcoming.
- 9.4. An update on the two workstreams outlined above and the status of the risk to the HIF funding must be provided at the Board meeting in March 2023.
- 9.5. As with all rail projects, there is a requirement to secure rail possessions to allow delivery of the Project to progress. If the Project is to be delivered in accordance with the programme

outlined in this report, there is a need for rail possessions to be secured over the Christmas period in 2023. Whilst initial objections due to conflicting closures on other parts of the local network have been managed, there remains a risk that there will be insufficient buses and drivers available to provide a reliable rail replacement operation during this period. If a solution cannot be reached, it is likely that the delivery programme will be adversely impacted as the rail possessions will need to be rescheduled.

- 9.6. The status of the rail possessions and the risk attached to the HIF funding will be closely monitored in advance of the next Board meeting, with a view to providing a further update on delivery of the Project at that meeting.

10. Financial Implications (Accountable Body comments)

- 10.1. There are a number of challenges set out in the report in respect of completion of the Project. In addition, there remain risks with this, as with all projects, due to the impact of Brexit, COVID-19, the on-going economic uncertainty and inflation. The Board are therefore advised to continue to monitor delivery progress and ensure that appropriate mitigations are in place with respect to risk management.
- 10.2. 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.
- 10.3. All LGF in respect of this Project was transferred to Essex County Council, as the Project Lead Authority, under the terms of a Service Level Agreement (SLA) which makes clear that funding can only be used for Project delivery, in line with the agreed terms.
- 10.4. The Agreement also set out the circumstances under which funding may have to be repaid should it not be utilised in line with the conditions of the grant or in accordance with the Decisions of the Board.

11. Legal Implications (Accountable Body comments)

- 11.1. 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 Project Lead 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 Project Lead 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.

12. Equality and Diversity Implications

- 12.1. Section 149 of the Equality Act 2010 creates the public sector equality duty which requires that when a public sector body makes decisions it must have regard to the need to:
- 12.2. Eliminate unlawful discrimination, harassment and victimisation and other behaviour prohibited by the Act
- 12.3. Advance equality of opportunity between people who share a protected characteristic and those who do not.

Beaulieu Park Station Project Update report

- 12.4. Foster good relations between people who share a protected characteristic and those who do not including tackling prejudice and promoting understanding.
- 12.5. The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation.
- 12.6. 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 – Beaulieu Park Station Project Background Information

(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 (on behalf of Nicole Wood, S151 Officer, Essex County Council)	17/11/2022

Appendix A – LGF Project Background Information

Name of Project	Beaulieu Park Station, Chelmsford Essex County Council
Local Growth Fund (LGF) allocation	£12m – Awarded in February 2019
Description of what Project delivers	<p>The new station is being proposed on the existing Great Eastern Main Line (GEML) on the eastern side of Beaulieu, 3 miles north east of Chelmsford, located adjacent to the A12/A138/B1137 junction 19 to serve the growth in North Chelmsford as well as wider growth in parts of Maldon, Braintree and Uttlesford districts not well served by rail.</p> <p>Full detailed planning permission was granted by Chelmsford City Council in June 2022. The station will include:</p> <ul style="list-style-type: none"> • Three platforms with a central loop line and new tracks to enable stopping services to call at the station while allowing fast trains to pass through unimpeded. • A footbridge between platforms with lifts. • Single storey station building with retail units, staff and welfare facilities, public toilets and concourse area. • Surface level ‘premium’ car parking for 243 cars and secondary surface level car park for 460 cars. • 35 designated Blue Badge bays and 2 extended spaces. • 500 spaces for cycle parking and storage. • Parking for 50 motorcycles. • A bus interchange for 8 buses with provision for 8 parking spaces for rail replacement buses. • Dedicated taxi set down and pick up area with waiting shelter <p>The turnback / passing loop provides operational resilience and flexibility in a network that is heavily used and operating at near capacity. This scheme option gives Network Rail full operational ability to turn back trains in both directions and also allows trains to pass each other in both directions The station is proposed to be a rail head and would be used to start / terminate some of the services that today start / terminate at Chelmsford, to distribute demand effectively and to allow for services to be timetabled effectively.</p> <p>The station will provide train services for residents and workers, support future business development and existing business activity, and will relieve pressure on Chelmsford station.</p>

<p>Project benefits</p>	<ul style="list-style-type: none"> • Acceleration of planned new homes and jobs and their associated economic benefits • Facilitation of dependent development - new homes and jobs and their associated economic benefits which otherwise could not happen • Increase in fare box revenue for the railway • Reduced congestion at Chelmsford station • Reduced congestion in Chelmsford city centre at peak times (weekday and weekends) • Improved access to the rail network for residents and businesses in the Heart of Essex not well served by rail • Improved network resilience and reliability for train services using the Great Eastern Main Line. 																																																
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<p>Project constraints</p>	<ul style="list-style-type: none"> • Rail possessions (booking track access) requirements • Current contractual interface between Chelmsford North East Bypass and Beaulieu Park Station, which requires both 																																																

	projects to progress if HIF funding is to be drawn down. Process has commenced to determine if the projects can be decoupled.
Link to Project webpage	https://www.southeastlepp.com/project/beaulieu-park-railway-station/

Report title: Queensway Gateway Road LGF Project Update	
Report to: Accountability Board	
Report author: Richard Dawson, Head of Service - Economic Development, Skills and Infrastructure, East Sussex County Council and Helen Dyer, SELEP Capital Programme Manager	
Meeting date: 25 November 2022	For: Decision
Enquiries to: Helen.dyer@southeastlep.com	
SELEP Partner Authority affected: East Sussex	

1. Purpose of report

- 1.1 The purpose of this report is for the Accountability Board (the Board) to receive a further progress update on the delivery of the Queensway Gateway Road Local Growth Fund (LGF) project (the Project).
- 1.2 The Board has been provided with regular updates on the Project and this update sets out the current position and any known risks to delivery.

2. Recommendations

- 2.1 The Board is asked to:
 - 2.1.1. **Note** the latest update position on the delivery of the Project.
 - 2.1.2. **Agree** that the Board will be provided with a further update on the Project, at its meeting on 10 March 2023.

3. Background

- 3.1 The Project will deliver a single carriageway road link between A21 Sedlescombe Road North and Queensway in Hastings. Construction of this road link provides access to designated employment development sites within the Bexhill Hastings Growth Corridor which would otherwise not be brought forward.
- 3.2 The £10m LGF funding allocation has been spent in full supporting project delivery to the end of 2020/21 with Sea Change Sussex allocating a further £2m temporary contingency funding to enable the completion of the scheme.
- 3.3 Further information regarding the Project can be found in Appendix A - LGF Project Background Information.

Queensway Gateway Road LGF Project Update

- 3.4 The original Business Case was submitted at the value of £15m in February 2015 and was approved by the SELEP Strategic Board on 20 March 2015 and at the time indicated that the Project would complete in November 2016 based on when the funding would be received. As the Board are aware from previous updates, delivery of the Project has been slower than anticipated due to initial delays:
- 3.4.1 in securing planning permission and discharge of planning conditions due to a judicial review challenge which was overcome by the issue of a fresh planning application on 8 January 2016, allowing the project to proceed from December 2016 on receipt of the last discharges; and
 - 3.4.2 in progressing the embankment works and completing the associated highways works – with timescales increasing from 10 to 21 months due to delays in the receipt of a Section 278 agreement connecting one end of the new Queensway Gateway Road (the Project) to Queensway.
- 3.5 The remainder of the main carriageway works were completed by July 2019 with the only remaining works being the junction improvements with the A21 to allow the connection to open the road to traffic. The first part of the connection on the existing carriageway to the junction of Whitworth Road was completed in January 2021.
- 3.6 Completion of the final section of the Project, which involved the construction of a roundabout with the A21, was impacted by delays that Sea Change Sussex have experienced in securing the land to construct the scheme with extant planning permission approved by Hastings Borough Council. As a consequence, Sea Change Sussex developed an alternative connection arrangement that utilises, improves and signalises the existing Junction Road junction with the A21 which will allow the road to be completed and opened to traffic. Following discussions with both National Highways and East Sussex County Council as the local highway authorities, the principle of the signalised connection has been accepted.
- 4. Progress on the outcome of the Whitworth Road TRO process and the outcome of the Stage 2 Road Safety Audit Addendum since the last update to the Board**
- 4.1 Conversations on the technical approvals are ongoing with National Highways, Sea Change Sussex, and East Sussex County Council to formalise the steps to delivering the signalised connection.
 - 4.2 As stated in September's update report to the Board, a Stage 2 Road Safety Audit Addendum has been commissioned by National Highways. The Auditor's report will then need to be considered by Sea Change Sussex and their design team, who will need to respond to the audit comments/recommendations, which will then need to be signed off by the Auditor. The design will then need to be finalised by incorporating any necessary amendments.
 - 4.3 It was anticipated that the whole audit process could take around 4 to 6 weeks to complete, depending on the extent of comments made by the Auditor and a timely turnaround at each stage throughout. Both East Sussex County Council and Sea Change Sussex await

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comments from National Highways' Road Safety Auditor on the minor amendments made by Sea Change Sussex's consultant engineers in response to the Stage 2 Road Safety Audit. For clarity, the auditor is not a National Highways auditor - they are completely independent. East Sussex County Council and Sea Change Sussex are not permitted to contact the auditor, given the need for them to maintain independent impartiality, and so it is not possible to confirm or even estimate the timelines at present as these will vary on a case-by-case basis.

- 4.4 As stated in the last update report to the Board, the Stage 1 Road Safety Audit highlighted the need for a Traffic Regulation Order (TRO) for the prohibition of parking in areas of Whitworth Road where it will cause a road safety issue. The subsequent Road Safety Audit Stage 2 was undertaken in June 2022. The Audit included a recommendation regarding a cycleway for which details were provided by Sea Change Sussex Engineers. On 10 August 2022, National Highways issued an addendum to the Road Safety Auditor asking that they review the cycleway detail. This is an additional process that is required to satisfy the requirements of the Audit process.
- 4.5 In July 2022, Sea Change Sussex submitted the necessary documentation to progress the TRO to East Sussex County Council. The TRO has been subject to informal and targeted stakeholder consultation and there has been no objection to the proposals. The formal advertisement of the TRO has experienced a slight delay since the September update report to the Board and will now be advertised from 11 November 2022, however, it is understood that this will have no impact on overall timeframes, as the TRO only needs to be made by the time the Section 278 works are completed. If objections are received which cannot be resolved, then these will need to be reported to East Sussex County Council's Planning Committee for their consideration.

5. Project Budget

- 5.1 Ongoing discussions between Sea Change Sussex and East Sussex County Council continue on the overall funding package and confirming the contractual position to be applied for the delivery of the connection to the A21. Moreover, without the relevant technical approvals from National Highways, which East Sussex County Council is still awaiting, the final designs and drawings cannot be produced, and therefore the overall budget and commitments cannot be provided at this time to provide assurances to both parties (although Sea Change Sussex has expressed the view that the design is not likely to have significant changes). East Sussex County Council recognises that this is far from ideal, but to proceed without agreement on the overall funding package, the contractual position and the technical approvals incorporated into any final designs would increase the level of risk for construction, delivery, and outcome.

6. Benefits Realisation from Scheme

- 6.1 As stated within the previous report to the Board, this is a road infrastructure project which will see the A21 connection delivering significant transport improvements by addressing issues with parts of the existing East Sussex County Council highways network that are currently over capacity such as The Ridge. Both a roundabout and the signalised junction fall within the original definition of the project which is "a single carriageway road link

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between the 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”.

- 6.2 With the employment sites already accessible from the Queensway end of the Gateway Road, the delivery of this connection will maximise the employment benefits already realised through the 90% of the completed road as well as resolving existing traffic congestion, particularly along The Ridge.
- 6.3 The benefits of the connection are set out within the original Business Case and were assessed to deliver £65.5m of Transport Economic Efficiency Benefits, have a Benefit Cost Ratio of 2.70:1 based on the assessment of the roundabout undertaken for East Sussex County Council on the scheme and utilised in the Business Case. As the connections serve the same route and are designed to accommodate similar resilience the benefits of the two options are comparable, it should however be noted that the signalised junction, in addition to having been designed to accommodate traffic flows to a later year than has been modelled for the roundabout solution, would minimise cost and disruption to local businesses. The direct economic benefits of the scheme in unlocking the employment sites for development have been fully delivered with indirect benefits dependent on public sector owned land being brought forward for subsequent development.
- 6.4 To date there have been 36 construction jobs reported by Sea Change Sussex in connection with the delivery of the scheme. This compares to 12 FTE construction jobs related to the construction of the road and 30 construction jobs related to the construction of the new employment floorspace as set out in the Business Case.




7 Risk Assessment Reporting

- 7.1 SELEP have produced a new reporting template for high-risk projects to enable the Board to view the current known risks, assess status and the progress/actions to be taken. As a result, East Sussex County Council has produced the following risk focussed assessment for the Project which identifies the current key risks impacting on project delivery and the mitigation measures which are being employed to manage these risks. Given the timescales to produce this additional assessment, it is anticipated that further risks may be added to subsequent reports as necessary:

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Risk	RAG rating (September 2022)	Change since last Board meeting	Current RAG rating (November 2022)	Progress & Actions
<p>Programme</p> <ul style="list-style-type: none"> ▪ Delays in technical approvals by National Highways ▪ Objections received as part of formal TRO advertisement ▪ Procurement for final stage of construction not progressing 	Amber	➔	Amber	<ul style="list-style-type: none"> ▪ East Sussex County Council to monitor in line with SELEP reporting requirements and evaluate any impacts and delays to the programme. ▪ Ongoing communication with National Highways and Sea Change Sussex regarding technical approvals. ▪ TRO objections to be considered at Planning Committee in early 2023 as required. ▪ Procurement route and tendering to be agreed between East Sussex County Council and Sea Change Sussex
<p>Benefits Realisation</p> <ul style="list-style-type: none"> ▪ Inability to attract third party private sector investment for follow-on development due to market uncertainty because of impact of external factors such as: Brexit; Covid-19 pandemic; Supply chain/labour shortages and cost price inflation; Ukraine war and energy price inflation; Cost of living crisis 	Amber	➔	Amber	<ul style="list-style-type: none"> ▪ East Sussex County Council to monitor in line with SELEP reporting requirements and evaluate any impacts and delays to the realisation of forecast benefits.
<p>Design Updates</p> <ul style="list-style-type: none"> ▪ Delays to Stage 2 Road Safety Audit Addendum Report approvals due to extent of auditor's comments ▪ Procurement cannot be finalised and is subject to variations until National 	Amber	➔	Amber	<ul style="list-style-type: none"> ▪ Awaiting confirmation of Stage 2 Road Safety Audit Addendum report. Continue to monitor and communicate with National Highways and Sea Change Sussex for updates.

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<p>Highways' additional approval process has been completed</p>				
<p>Project Budget/Cost –</p> <ul style="list-style-type: none"> ▪ Final stage of procurement not progressing/tender prices received exceeding budget ▪ Potential for long lead-in times and material delays/cost increases ▪ Overall budget to be confirmed 	<p style="text-align: center;">Red</p>		<p style="text-align: center;">Red</p>	<ul style="list-style-type: none"> ▪ Undertake final procurement stage at earliest opportunity to mitigate potential for further tender cost rises ▪ Ongoing budget to deliver scheme to be agreed between East Sussex County Council and Sea Change Sussex

8. Next steps

- 8.1 The next steps in terms of delivery of the Project are receipt and management of the Stage 2 Road Safety Audit addendum report and confirmation of the TRO for the prohibition of parking in areas of Whitworth Road.
- 8.2 The Board will continue to receive updates on the Project until satisfied that the deliverability risk has been fully addressed and has reduced to an acceptable level.

9. SELEP comments

- 9.1 As the Board will recall, a written update on project delivery was provided at the last meeting but the report did not provide the comprehensive update requested at the July 2022 Board meeting. The report provided raised concerns regarding the availability of funding to deliver the remaining elements of the Project, highlighted uncertainty regarding the total project cost and was unable to provide a comprehensive delivery programme. The Board agreed that an update on these points should be provided at this meeting.
- 9.2 The report seeks to set out progress towards project delivery which has been made since the last Board meeting. This progress has been limited as the Stage 2 Road Safety Audit Addendum has taken longer than expected to complete. There is currently no clear timeline for completion of this area of work and, whilst acknowledging that this sits outside the control of both East Sussex County Council and Sea Change Sussex, this presents a risk to the delivery programme. Procurement of a contractor to deliver the signalised connection cannot be progressed until technical approval has been received for the final design.
- 9.3 It has been widely reported across the LGF and Getting Building Fund (GBF) programmes that construction costs have increased significantly in recent months. This is due to a range of factors including availability and cost of materials, high inflation levels and issues with labour supply. Therefore, the fact that procurement of a contractor has been further delayed means that concerns remain regarding the affordability of the Project.
- 9.4 The report does not provide a detailed update on the confirmed funding package and, as a result, does not provide any additional information in relation to the status of the Sea Change Sussex funding contribution which has been labelled as 'temporary contingency funding'. There remains uncertainty as to whether a full funding package is in place to deliver the remaining elements of the Project.
- 9.5 It is imperative that future update reports to the Board provide greater assurance regarding the availability and commitment of this funding by Sea Change Sussex. If Sea Change Sussex are unable to commit this funding to the Project, an alternative approach to bridging any funding gap will need to be identified. If there is a funding gap which cannot be bridged meaning that the Project cannot be delivered in accordance with the Business Case, the Board will be asked to consider whether the £10m LGF should remain allocated to the Project.
- 9.6 There are still a number of outstanding approvals, TRO's and a Section 278 agreement which need to be secured or completed before the signalised connection can be

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constructed and/or before the new road can be fully opened to traffic. Any delays in completing any of these workstreams will have an impact on either the delivery programme or the opening date of the new connection. Progress towards realisation of these approvals will be monitored and updates will be provided at future meetings.

- 9.7 Finally, as indicated in the Business Case, the completed project will provide access to designated employment development sites within the Bexhill Hastings Growth Corridor which would otherwise not be brought forward. Specifically, the Project opens up the development potential of key sites south of The Ridge, with capacity for up to 12,000sqm of employment floorspace.
- 9.8 According to the Business Case, the development of these key employment sites will facilitate the creation of 900 new jobs, with the first jobs originally expected to be realised in 2018/19, on the assumption that the road would be open in November 2016. These jobs will not be created directly through the LGF investment (the LGF investment will not deliver the commercial workspace) and are therefore considered to be indirect benefits of the Project.
- 9.9 The direct benefits of the Project include reduced congestion on The Ridge, improved traffic flows on the A21 and the creation of new construction jobs. To date, reporting provided by East Sussex County Council indicates that 36 of the potential 42 construction jobs have been created as a result of the Project.
- 9.10 The delay in completing the final section of the Project presents a risk to the realisation of some of these benefits. The connection with the A21 is critical to ensure that the levels of congestion are reduced. It is expected that the completion of the signalised connection and the opening of the full length of the new road, will allow the immediate realisation of the anticipated traffic benefits and it is expected that these benefits will continue to be felt over a 15 year period.
- 9.11 It is noted that, due to the delays in completing the connection with the A21, the employment benefits will not be realised in accordance with the profile set out in the Project Business Case which indicated initial job creation in 2018/19.
- 9.12 Access to the employment land was unlocked in 2019, when the roundabout in the middle of the new road was completed. However, the realisation of the stated indirect employment benefits is entirely dependent upon this land being brought forward for commercial development, which is outside the scope of the works funded through the LGF, and therefore it is not currently possible to give an indication as to when the expected new jobs will be created.
- 9.13 Whilst the Project was assessed as a transport scheme in the Economic Case within the original Business Case, the stated employment benefits remain important and therefore, it is required that further updates on the steps being taken to bring forward the commercial development on these sites and the expected timeline for realisation of the employment benefits be provided at future Board meetings. The completion of the signalised connection and the opening of the full length of the new road may increase the attractiveness of the available land.

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- 9.14 Whilst it is acknowledged that the implementation of a signalised connection does not necessarily equate to a change in project scope compared to that set out in the approved Business Case, it is important that, given the time that has passed since the submission of the original Business Case (February 2015), that the benefits offered by the scheme are revisited and assurances provided that the Project continues to offer High value for money.
- 9.15 It should be noted that if it is not possible to deliver the final connection with the A21 as set out within this report, that steps may be taken by the Board and Essex County Council (as the Accountable Body for SELEP) to recover the £10m LGF allocation to the Project from East Sussex County Council under the terms of the SLA which is in place.

10 Financial Implications (Accountable Body Comments)

- 10.1 There continue to be a number of challenges to completion of the Project, albeit that the full £10m LGF allocation has already been spent supporting delivery; this presents risks to the Board on assuring delivery of the expected outcomes, particularly given the delay in completion experienced to date.
- 10.2 There remains uncertainty with respect to the timeline and the costs for completing the Project, which increases the overall risk to delivery. The dependency on the outcome of the Audit is noted with respect to both of these issues.
- 10.3 Further risk remains with respect to the funding required to complete the Project as the remaining identified funding of £2m continues to be categorised as temporary contingency funding by Sea Change Sussex. It remains unclear as to the implication of this categorisation for the completion of the Project and what the options may be if this is found to be insufficient. It is noted that the issue of funding is subject to ongoing discussions between Sea Change Sussex and East Sussex County Council.
- 10.4 All LGF was transferred to East Sussex County Council, as the Project's Lead Authority, under the terms of a Service Level Agreement (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. The Agreements also set out the circumstances under which funding may have to be repaid should it not be utilised in line with the conditions of the grant or in accordance with the Decisions of the Board.
- 10.5 It is of concern to SELEP and the Board to ensure that the final section of the road is delivered to enable the realisation of the benefits set out within the Project Business Case; if completion of the road continues to be delayed or the completion cannot be assured then there is a risk that the Project may no longer meet the conditions of the Funding Agreement (SLA). In these circumstances, the Board may consider recovering some, or all, of the £10m LGF allocated to the Project.
- 10.6 To monitor the on-going risks associated with this Project, the Board is advised to keep delivery progress under review and to take this into account with regard to any further decisions made in this respect. Further, ongoing effective monitoring of delivery and understanding of the risks along with proposed mitigations is essential for the Board, due to

Queensway Gateway Road LGF Project Update

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

11 Legal Implications (Accountable Body Comments)

- 11.1 If the Project is not completed, the provisions set out within the SLA will be activated, and Essex County Council, as the Accountable Body, will expect East Sussex County Council to repay funding as required due to the conditions of the SLA no longer being met.

12 Equality and Diversity Implications (Accountable Body Comments)

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

12.1.1 Eliminate unlawful discrimination, harassment and victimisation and other behaviour prohibited by the Act;

12.1.2 Advance equality of opportunity between people who share a protected characteristic and those who do not;

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

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

- 12.3 In the course of the development of the project business case, the delivery of the Project and 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.


13 List of Appendices

- 13.1 Appendix A - LGF Project Background Information

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

Role	Date
Accountable Body sign off	
Michael Neumann	16/11/2022
(On behalf of Nicole Wood, S151 Officer, Essex County Council)	

Appendix A – LGF Project Background Information

<p>Name of Project</p>	<p>Queensway Gateway Road, Hastings East Sussex County Council</p>
<p>Local Growth Fund (LGF) allocation</p>	<p>£10,000,000 – initial award March 2015</p>
<p>Description of what Project delivers</p>	<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 map shows the proposed Queensway Gateway Road (highlighted in red) connecting the A21 Sedlescombe Road North to Queensway. The road crosses the Hollington Stream valley on an embankment and runs south of Whitworth Road to join the A21 at a new junction north of the existing Sainsbury's store. Other features on the map include Baldslow Wood, Long Shaw, Caravan Parks, Pinehurst, Beauport Park Hotel, Water Works, Depot, Superstore, Govt Offices, and various residential streets like Whitworth Road, Macadam Way, and Recon Gd.</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</p>

	<p>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 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.
<p>Project benefits</p>	<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>
<p>Project constraints</p>	<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 as originally planned, to connect the already completed sections with the A21 via a roundabout, requires the purchase of remaining properties on the route. There is currently no clear timeline as to when the acquisitions could 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. This connection may replace the originally planned roundabout on a permanent basis but is subject to further review to determine whether it achieves the forecast project benefits as per the approved Business Case.</p>
<p>Link to Project page on the website with full Business Case and links to any previous decisions by Accountability Board and/or Strategic Board</p>	<p>https://www.southeastlep.com/project/queensway-gateway-road/</p> <p>Funding decision (note: original LGF allocation to the project was £15m): https://www.southeastlep.com/app/uploads/2018/06/Minutes-SELEP-Board-20th-March-2015-V3.pdf</p> <p>Project changes: https://www.southeastlep.com/app/uploads/2020/08/Accountability-Board-Summary-of-Decisions-23.02.18.pdf</p>

Report title: Grays South LGF Project Update	
Report to: Accountability Board	
Report author: Kevin Munnely, Assistant Director – Regeneration and Place Delivery, Thurrock Council and Howard Davies, SELEP Capital Programme Officer	
Meeting date: 25 November 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 Grays South Local Growth Fund (LGF) project (the Project), which has been identified as High risk.

2. Recommendations

- 2.1. The Board is asked to:
- 2.1.1. **Note** the latest position in the delivery of the Project and the steps that will be taken to secure successful delivery.
- 2.1.2. **Agree** that the Board will be provided with a further update on the Project, which updates the project delivery plan and associated milestones, at its meeting in March 2023.

3. Background

- 3.1. 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.
- 3.2. 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.
- 3.3. The Project will improve public safety, create a fully compliant and unimpeded route under 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:

Grays South LGF Project Update

- 3.3.1. enabling delivery of 84 homes and 1,279 sqm of retail floorspace by 2025;
- 3.3.2. supporting commercial development in Grays by creating a more attractive town centre and higher quality commercial space.
- 3.4. Further information on the Project can be found in Appendix A.
- 3.5. 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.
- 3.6. In February 2022, the Board received an update on the delivery of the Project. This update identified that the total project cost had increased from £28.7m (as set out in the Full Business Case considered by the Board in November 2019) to £37.9m.
- 3.7. Under the terms of the SELEP Assurance Framework, an increase in total project cost of this scale (prior to award of construction contract) must be approved by the Accountability Board. However, the scale of the cost increase also gave rise to concerns regarding the ability of the Project to continue to offer High value for money as is required and therefore a revised Value for Money calculation was required before the Board could agree the increase in total project cost.
- 3.8. A revised Value for Money assessment was presented at the May 2022 Board and this concluded that the Project continued to offer High value for money, with a revised Benefit Cost Ratio (BCR) of 2:1. The original BCR as set out in the Full Business Case was 2.4:1 so, as would be expected, there has been a reduction in the BCR offered by the Project. However, this reduction has been less significant than expected based on the outcome of the sensitivity testing presented in the Full Business Case.

4. Update on project delivery

- 4.1. Work is ongoing to secure the required planning consents and to acquire the land needed to deliver the project. Until these workstreams have been completed and delivery can commence, the Project will continue to be ranked as High risk.
- 4.2. At the July 2022 meeting the Board were advised that due to a number of queries and holding objections received by the Local Planning Authority, the planning applications for the Project could not be determined in July as originally expected. At that time, it was reported that the applications would be considered by Planning Committee in August 2022.
- 4.3. Subsequently Thurrock Council have advised that a range of further queries from various stakeholders were received during September 2022, including those from the internal Transport and Highways team. These queries resulted in a need for further conversations to be held with planning colleagues before the planning applications could be determined. These conversations have revolved around parking provision and cycle access throughout the proposed development.
- 4.4. A briefing and response pack has been assembled and issued for review by both Highways and planning officers. Every effort is being undertaken to ensure agreement can be

Grays South LGF Project Update

reached, rather than the planning applications being subject to formal objections. Getting to this point has taken an extended period of time due to various factors beyond the project team's control.

- 4.5. Planning officers have advised that there is a requirement for a further period of public consultation over a 21 day period. This means the planning applications will not be ready for consideration by the Planning Committee until February 2023, due to the time required to make the required changes to the planning applications themselves.
- 4.6. The Project's consultant team will need to make substantial updates to the planning application documents before they can be re-issued for public consultation. These updates include:
 - 4.6.1. Update to Transport Statement – to explain the changes made to the Project and the project team's responses to the comments received from officers/stakeholders
 - 4.6.2. Updates to all planning drawings to reflect changes made – this cannot be done until the above is resolved
 - 4.6.3. Addendum to Design and Access Statement for each application – to highlight changes made to the scheme
 - 4.6.4. Addendum to Planning and Heritage Statement – to pick up all alterations, any policy implications, heritage matters, and to act as a general 'sweeper' to respond to any other points raised by consultees
- 4.7. The Board have previously been advised that the Compulsory Purchase Order (CPO) would be made in September 2022. Although the CPO is not fully reliant on planning approval, Thurrock Council have been advised by the Kings Counsel that the CPO case is strengthened if planning approval is in place and therefore not to proceed until a resolution to grant planning has been affirmed. The current plan is that, in advance of the planning applications being considered in February 2023, the documentation required for Cabinet in relation to the CPO will be completed and presented to the Cabinet meeting on 23 January 2023.
- 4.8. The Board were updated on the progress of the Governance for Railway Investments Project (GRIP) process at the September 2022 meeting. The GRIP 4 contract was signed by all parties at the end of September 2022 and a 'kick off' meeting between Network Rail, their Principal Contractor, the appointed designers and the Thurrock Council project team took place on 4 November to move this GRIP stage forward. The meeting was productive and design team meetings will take place on a weekly basis, as will progress updates between Thurrock Council and Network Rail.
- 4.9. The Project is being delivered through a Development Services Agreement with Network Rail.
- 4.10. As the likelihood of a CPO being needed is more certain, an updated programme is shown at Table 1. The three columns show what has previously been presented to the Board (a programme without a CPO), an updated programme assuming a CPO is not needed and a

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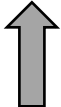




programme inclusive of a CPO. Thurrock Council continues to liaise with property and landowners to complete the site assembly without the need for a CPO.

Table 1: Updated Programme

Milestones	Programme previously reported – assumes no CPO required	Updated programme – assumes no CPO required	Current programme – assuming CPO required
Procurement and contracts for next stages	June 2021 to August 2022	June 2021 to August 2022	June 2021 to August 2022
Single Option Development (GRIP Stage 4)	Late August to November 2022	November 2022 to February 2023	November 2022 to February 2023
Land assembly	Autumn 2021 to November 2022	Autumn 2021 to September 2023	January 2023 to July 2024
Detailed Design (GRIP Stage 5)	November 2022 to April 2023	February 2023 to August 2023	February 2023 to August 2023
Implementation (GRIP Stage 6)	February 2023 to May 2024	September 2023 to September 2024	July 2024 to July 2025
Project Hand Back (GRIP Stage 7)	May to August 2024	September to November 2024	July 2025 to September 2025
Project Close Out (GRIP Stage 8)	August to November 2024	November 2024 to January 2025	September to December 2025
Work on Public Squares commence (starts after completion of underpass works)		January to July 2025	January to July 2026

- 4.11. Further information on the Project is provided in Appendix A, including the current funding profile which has previously been approved by Thurrock Council Cabinet.
- 4.12. The Project is a key component in unlocking all regeneration schemes and activities in and around the Grays town centre. The Project is being closely monitored by both senior management at Thurrock Council and at Essex County Council, in their role as Commissioners.
- 4.13. A RAG rating template has been provided which sets out the risks and their movement since the last Board meeting in September 2022. This is shown in Table 2.

Table 2: RAG Rating Template

Risk	RAG rating (September 2022)	Change since last Board meeting	Current RAG rating (November 2022)	Progress & Actions
Delays to project programme – planning consent has not yet been received and land acquisition is ongoing	Amber		Red	The overall programme has been delayed by a number of factors including receipt of planning permissions, work to ensure a robust CPO plan and delays in entering contract with Network Rail.
Planning Permission - delays due to additional information required by Highway and Planning officers.	Red		Red	This has resulted in the need for a further period of public consultation. It is now expected that the planning applications will be presented to the Planning Committee in February 2023.
Land Acquisition – required land acquisition is ongoing and the CPO has not yet been made.	Red		Red	The use of a CPO is expected to be confirmed at Thurrock Council Cabinet meeting in January 2023, subject to planning permission being granted by Planning Committee in February 2023.
Statutory Undertakers – requirement to complete a GRIP stage 4 contract with Network Rail.	Amber		Green	The GRIP stage 4 contract was signed in September 2022 and work to progress this stage has commenced.
Project Budget/Cost – detailed design has not yet been completed and therefore there is a risk that project costs could rise.	Red		Red	Inflation and procurement of materials could push prices up. However, a 30% uplift was used in original cost estimates and the original project costs were calculated using the Network Rail costing model which incorporated a 20% risk contingency. In addition, information has been provided which details potential savings in the property cost estimates and a review of the contract strategy has been undertaken with a view to identifying potential cost savings.

Grays South LGF Project Update

	Milestone Completion Date (September 2022)	Milestone Completion Date (November 2022)	Change in milestone date (RAG rating)	Commentary (To include: % of milestone achieved to date)
GRIP Stage 4 – signing of agreement with Network Rail	September 2022	September 2022	Green	GRIP 4 documentation has been signed. Initial meeting took place on 4 November. Future meetings around Design agreed on a weekly basis, with full project team meetings on a monthly basis. 100% complete
Securing Planning Permission	October 2022	February 2023	Red	Delayed due to additional detail required by Highways and Planning officers.
Completion of required land acquisition – timeline based on the assumption that CPO is not required	November 2022	September 2023	Red	Liaison with impacted land and property owners continues. To date, 0% of the land required land has been acquired. Thurrock Council Cabinet to consider the use of a CPO at their meeting in January 2023. The making of the CPO will be aligned with the granting of planning permission – currently expected to be in February 2023.
Detailed Design Work (GRIP 5)	November 2022	February 2023	Amber	Delays to securing the required planning permission continue to slow project delivery. Receipt of planning permission in February 2023 would enable GRIP 5 to move forward. The need for a CPO would extend these dates further.
Commencement of Construction Works (GRIP 6)	February 2023	September 2023	Red	Delay in receipt of planning permission continues to hold the project back in all areas. Receipt of planning permission in February 2023 would allow the project to move forward. The need for a CPO would extend these dates further.

Grays South LGF Project Update

Project completion (GRIP 8)	November 2024	January 2025	Amber	Delay in receipt of planning permission continues to hold the project back in all areas. Receipt of planning permission in February 2023 would allow the project to move forward. The need for a CPO would extend these dates further.
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5. Next Steps

- 5.1. Work will continue to progress the CPO with a decision expected to be made by Thurrock Council Cabinet in January 2023. In the meantime, Thurrock Council will continue to negotiate with landowners to secure property/land on a privately negotiated basis.
- 5.2. Following receipt of comments and queries on the planning applications, further work is currently being undertaken to update the applications. Once this work has been completed, a further period of public consultation will need to be undertaken before the applications can be considered by Planning Committee. It is currently expected that the planning applications will be considered by Planning Committee in February 2023.
- 5.3. It is assumed that the CPO will be made following Planning Committee, assuming the outcome of Planning Committee is positive.
- 5.4. A further update, which outlines the latest position with these activities, will be presented to the Board in March 2023.

6. SELEP Comments

- 6.1. In May 2022, the Board were advised that it was expected that the planning applications in relation to the underpass and the associated development would be determined in July 2022. As set out in this report, determination of the planning applications has been delayed due to a number of factors including receipt of queries and holding objections following public consultation and, more recently, receipt of comments from internal Highways and Transport officers. As a result of the internal comments received, it is necessary for further work to be undertaken on the planning applications and for a further period of public consultation to be completed before the planning applications can be considered by Planning Committee.
- 6.2. It is now expected that the planning applications will be considered in February 2023, which represents a delay of 7 months compared to the original programme. The delays in securing the required planning permission are having a knock-on effect on the remainder of the delivery programme, including acquisition of the required land.
- 6.3. Whilst efforts to secure the land required to enable delivery of the Project through negotiation have been ongoing since Autumn 2021, this report indicates that none of the required land has been acquired to date. It is looking increasingly likely that a CPO will be needed to secure acquisition of at least some of the required land. Whilst work has been ongoing to develop the CPO, the CPO will not be made until after planning permission has been granted. In addition, the making of the CPO is still subject to a decision by Thurrock Council Cabinet in January 2023.
- 6.4. The use of a CPO has the potential to extend the delivery programme by up to 18 months – although the current programme from Thurrock Council indicates an expectation that use of a CPO will only extend the land acquisition process by 10 months (compared to that without the use of a CPO).
- 6.5. The timeline for the making of the CPO and the completion of the required land acquisition is very sensitive to any further delays in determining the planning applications. Any further

delays will also have a wider impact on the programme as the Project cannot progress to delivery until the required land has been acquired.

- 6.6. As the Board will recall, the Project has reported significant cost increases since submission of the original Business Case and in May 2022, a revised Value for Money calculation was presented. This Value for Money calculation demonstrated that the Project continued to offer a BCR of 2:1, which represents High value for money but is on the limit of what is acceptable under the requirements of the Assurance Framework.
- 6.7. The risks set out in Table 2 above, identify the potential for further cost increases as the detailed design for the Project has not yet been developed. It is noted that 30% uplift was used in original cost estimates and that the original project costs were calculated using the Network Rail costing model which incorporated a 20% risk contingency. However, given the scale of cost increases reported across the Getting Building Fund programme as a result of the COVID-19 pandemic, Brexit and inflation, this remains a significant concern as any increase in costs which exceeds the contingency included in the cost estimate will reduce the Value for Money offered by the Project to a level below that required by the SELEP Assurance Framework.
- 6.8. It was noted by the Independent Technical Evaluator in May 2022 that there were benefits associated with the Project which had not been quantified within the Value for Money calculation and therefore Thurrock Council may be able to produce an updated Value for Money assessment which demonstrates that the Project continues to offer High value for money but this would involve additional work to quantify new benefits.
- 6.9. If the total project cost is subject to further cost increases, which exceed those considered in the May 2022 Value for Money calculations, and Thurrock Council are unable to demonstrate that the Project continues to offer High value for money, the Board will be asked to consider whether the LGF funding should remain allocated to the Project.
- 6.10. In light of the ongoing risks to the programme and the total project cost, a further update on delivery of the Project should be provided at the March 2023 Board meeting. This update should provide an update on key activities including land acquisition, receipt of the required planning consent and an update of progress on the GRIP process. The report should also provide an update on the total project cost following completion of the detailed design.

7. Financial Implications (Accountable Body comments)

- 7.1. There continue to be a number of challenges to completion of the Grays South Project, albeit that a significant proportion of the LGF has been spent to date. Further, the lack of certainty on the timeline for completion of the project presents a risk to assuring delivery of the expected outcomes.
- 7.2. 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.
- 7.3. The Board is advised to keep the risks to Project Delivery under review and to take these into account with regard to any further funding decisions made.

- 7.4. Essex County Council, as the Accountable Body, is responsible for ensuring that the LGF funding is utilised in accordance with the conditions set out by Government for use of the Grant.
- 7.5. All LGF allocated to this Project has been transferred to Thurrock Council, as the Project Lead Authority, under the terms of a Service Level Agreement (SLA) which makes clear that funding can only be used in line with the agreed terms.
- 7.6. 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.

8. Legal Implications (Accountable Body comments)

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

9. Equality and Diversity Implications

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

10. List of Appendices

- 10.1. Appendix A – Project Background Information

(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)

Grays South LGF Project Update

Role	Date
Accountable Body sign off Michael Neumann (on behalf of Nicole Wood, S151 Officer, Essex County Council)	16/11/2022

Appendix A – LGF Project Background Information

Name of Project	Grays South Thurrock Council									
Local Growth Fund (LGF) allocation	<table border="1" data-bbox="453 421 1385 577"> <thead> <tr> <th data-bbox="453 421 922 461">Date of Award</th> <th data-bbox="922 421 1385 461">Amount (£m)</th> </tr> </thead> <tbody> <tr> <td data-bbox="453 461 922 501">February 2019</td> <td data-bbox="922 461 1385 501">3.7</td> </tr> <tr> <td data-bbox="453 501 922 542">November 2019</td> <td data-bbox="922 501 1385 542">7.1</td> </tr> <tr> <td data-bbox="453 542 922 577">Total</td> <td data-bbox="922 542 1385 577">10.8</td> </tr> </tbody> </table>		Date of Award	Amount (£m)	February 2019	3.7	November 2019	7.1	Total	10.8
Date of Award	Amount (£m)									
February 2019	3.7									
November 2019	7.1									
Total	10.8									
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 expected to be considered by Thurrock Council Planning Committee in February 2023:</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	Milestones	Previously Reported without Compulsory Purchase Order (CPO)	Programme without CPO	Inclusive of CPO				
	Procurement and contracts for next stages	June 2021 to August 2022	June 2021 to August 2022	June 2021 to August 2022				
	Single Option Development (GRIP Stage 4)	Late August to November 2022	November 2022 to February 2023	November 2022 to February 2023				
	Land assembly	Autumn 2021 to November 2022	Autumn 2021 to September 2023	January 2023 to July 2024				
	Detailed Design (GRIP Stage 5)	November 2022 to April 2023	February 2023 to August 2023	February 2023 to August 2023				
	Implementation (GRIP Stage 6)	February 2023 to May 2024	September 2023 to September 2024	July 2024 to July 2025				
	Construction of Underpass Complete		September 2024	July 2025				
	Project Hand Back (GRIP Stage 7)	May to August 2024	September to November 2024	July 2025 to September 2025				
	Project Close Out (GRIP Stage 8)	August to November 2024	November 2024 to January 2025	September to December 2025				
	Work on Public Squares commence		January to July 2025	January to July 2026				
Project Costs	<i>Breakdown of funding sources (£m)</i>							
		2018/19 £(m)	2019/20 £(m)	2020/21 £(m)	2021/22 £(m)	2022/23 £(m)	2023/24 and beyond £(m)	Total
	Network Rail	0.70	0.00	0.00	0.00	0.00	0.70	1.40
	Local Growth Fund	0.00	3.66	0.83	0.65	0.77	4.93	10.84
	Thurrock Council	0.00	0.00	0.00	0.00	3.45	22.20	25.65
	Total	0.70	3.66	0.83	0.65	4.22	27.83	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 uplift and 20% Network Rail contingency pot. • The project involves the acquisition of property and land which could extend the project timeline. CPO due to be signed off by cabinet in January 2023 to run in parallel with negotiations. • Planning consent is required for the planned works • The project is dependent on progression through the GRIP process with Network Rail
Link to Project webpage	<p>https://www.southeastlep.com/project/grays-south/</p>

Report title: LGF High Risk Projects Update Report	
Report to: Accountability Board	
Report author: Howard Davies, SELEP Capital Programme Officer	
Meeting date: 25 November 2022	For: Information
Enquiries to: howard.davies@southeastlep.com	
SELEP Partner Authority affected: Kent and Thurrock	
Confidential Appendix This report has a confidential appendix which is not for publication as it includes exempt information falling within paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972, as amended.	

1. Purpose of report

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

2. Recommendations

- 2.1. The Board is asked to:

A13 Widening

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

2.1.2. **Note** that a further update will be brought to the March 2023 Board meeting.

A28 Sturry Link Road

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

2.1.4. **Note** that a further update will be brought to the first Board meeting in 2023/24.

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. Further information is currently being requested from scheme promoters regarding projects on the pipeline, to establish the ongoing need for and additionality offered by any additional LGF awarded to the projects.
- 3.8. 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.
- 3.9. Further information on the project is provided in Appendix A.

4. Project Update

- 4.1. The project continues to be reported as high risk due to the overrun of the project timeline, increase in total project costs and the high profile of the project in the Thurrock area. Thurrock Council continue to receive a high number of enquiries regarding the project and its final completion date.
- 4.2. 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. An update on project costs is set out at section 5 of this report,
- 4.3. There are a number of relatively minor Compensation Events outstanding which continue to be worked through. The number of Compensation Events is continuing to fall, and they are being dealt with as they arise.

- 4.4. 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.
- 4.5. At the July 2022 meeting, the Board were advised that the traffic signals and street lighting around Orsett Cock roundabout were now operational, traffic management removed and speed limits lifted to 50 mph. However, connections for street lighting at the eastern end of the project require replacement meaning the reduced speed limits on the main carriageway would remain in place until September 2022. It was reported that the scheme was operating well with the reduced speed limit creating no issues.
- 4.6. At the September 2022 meeting, the Board were advised that the works required to the connections for the street lighting had been delayed, due to procurement issues and that the works would not be completed until late October 2022. This has now moved to January 2023 due to national supply chain delays for manufactured equipment. More recently Atkins have carried out some work on the need for lighting over the extent of the 50mph stretch of road which currently has a restriction. This has resulted in a decision to put in place signage explaining why the 50mph restriction is in place and to reduce the extent of the 50mph restriction on some parts of the road.
- 4.7. The Board were advised at the September 2022 meeting that 'non highway' works, including balancing pond and seasonal planting had slipped and were expected to complete in Autumn 2022. Works to the balancing pond are progressing well with excavation complete, liner installed and topsoil being moved into place with expected completion in November 2022. The full extent of planting has been pushed back a little as some of the larger species have been affected by the extended period of warm weather experienced during the Autumn. It is expected that the remaining planting will be completed during December 2022.

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 now expected to be late January 2023.
- 5.2. An update on project costs to the end of Q2 2022/23 is shown in Table 1. This shows that at that point project costs had reached £140.298m which is an increase of £6.36m on that reported to the Board at the July 2022 meeting.

Table 1: Total spend to date on the A13 Widening project

Actual spend to date (£m)								
	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	Spend to end Q2 2022/23	Total
LGF Development Funding	2.709		2.291					5.000
LGF DfT Retained Scheme Funding		13.408	11.483	32.657	8.510			66.058
Additional LGF - awarded July 2020					8.942			8.942
Additional LGF - allocated to the project in March 2021					1.500			1.500
Third Party			0.024	0.345	5.047	2.477	0.331	8.224
Thurrock Council					8.062	36.109	6.403	50.574
Adjustment			-0.172	0.172				0.000
Total Project Spend to date	2.709	13.408	13.626	33.174	32.061	38.586	6.734	140.298

- 5.3. Thurrock Council spend on the project has been revised, following year-end adjustments, to £36.109m for 2021/22. This had previously been reported as £34.697m.
- 5.4. An update on the forecast total project cost is provided in Appendix B which is confidential.

6. RAG Rating Table

Risk	RAG rating (September 2022)	Change since last Board meeting	Current RAG rating (November 2022)	Progress & Actions
Programme – completion of the project has been delayed due to extended lead-in times for essential street lighting equipment and due to changes in the planting programme	Red	→	Red	The street lighting equipment has been ordered and will be fitted as soon as it is received. There is no mitigation available to reduce the impact on the programme. Planting will be completed as soon as the required plants are available.
Project Budget/Cost – there are a number of compensation events which still need to be resolved which may impact on the final total project cost.	Red	→	Red	There is regular engagement with the contractor regarding the compensation events, with a view to resolving them all at the earliest opportunity.
	Milestone Completion Date (September 2022)	Milestone Completion Date (November 2022)	Change in milestone date (RAG rating)	Commentary (To include: % of milestone achieved to date)
Procurement of Street lighting feeder pillars and associated items	November 2022	January 2023	Amber	Whilst orders have been placed for the required equipment, lead in times are longer than expected which has delayed receipt. Estimated to be 90% complete.
Landscaping and Balancing Pond Works	November 2022	December 2022	Amber	Balancing Pond works are progressing well but some elements of the landscaping have been delayed until December 2022. Estimated to be 90% complete.

7. Next Steps

- 7.1. Ongoing works include completing street lighting feeder pillars and connections, balancing pond construction and landscape planting.
- 7.2. A further update on the project, which includes the latest position with regard to completion of the project and the total project cost, will be presented to the Board in March 2023.

A28 Sturry Link Road

8. Summary Position

- 8.1. 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 C.
- 8.2. 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.
- 8.3. 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.
- 8.4. At the July 2022 meeting the Board were advised that 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 tabled at each Board meeting. The Board agreed that updates should be provided at alternate meetings, as long as no significant new risks are identified.
- 8.5. This report will give an update on the following:
 - 8.5.1. progress towards the completion of the land acquisition process; and
 - 8.5.2. procurement for the design and build contract.

9. Project Update

- 9.1. Carter Jonas continue to lead on the voluntary land acquisition negotiations with impacted landowners. The Compulsory Purchase Order is progressing in parallel.
- 9.2. The Board were previously advised that site clearance and environmental mitigation works would commence in July 2022. There has since been a requirement to undertake further environmental surveys to ensure that the available data is up to date. The additional works commenced in September 2022 and will complete in December 2023.
- 9.3. New legislation is now in place for the protection of beavers which have been identified at the site, however, mitigation proposals are being developed to manage this along with other

LGF High Risk Project Update report

known protected species affected by the project. The environmental mitigation works have therefore been reprogrammed as set out in the programme at Table 2.

- 9.4. In July 2022, the Board were advised that the period for tender submissions in relation to the design and build contract had been extended to 9 July 2022. Negotiations with contract tenderers continues and it is expected that the contract will be awarded in December 2022, followed by the design phase, commencing in January 2023. Main construction works are now expected to commence in April 2024, completing in December 2025. The programme timeline has extended slightly from that reported in July 2022. A revised programme is shown at Table 2.
- 9.5. The revised programme shows that the completion of the project has now slipped until December 2025, however the land acquisition will still complete by 31 August 2023 in accordance with the condition the Board attached to the release of the LGF funding to Kent County Council.

Table 2: Revised Programme

Task	Dates provided to July 2022 Board	Updated dates November 2022
Tender period	Mar - July 2022	Mar - Aug 2022
Assess and Award Design and Build Contract		Aug - Dec 2022
Design Phase		Jan - Dec 2023
Advance site clearance and Environmental Mitigation	Commence July 2022	July 2022 - Dec 2023
CPO process and Secretary of State decision	Aug 2023	Aug 2023
Approval of Design and confirm price		Dec 2023 - Jan 2024
Main Works Commence	Summer 2023	Apr 2024
Open A28 Sturry Link Road	Summer 2025	Dec 2025

10. RAG Risk Template

Risk	RAG rating (July 2022)	Change since last Board meeting	Current RAG rating (November 2022)	Progress & Actions
Project Programme – Delays connected to procurement of Design and Build contractor and increased levels of environmental surveys required	Amber	↑	Red	The programme has slipped by 6 months, however work to procure the design and build contractor is due to complete in December 2022 and measures to manage the mitigation of the environmental concerns are in place.
Project Budget/Cost increase – risk of increase in total project cost as contract is not yet in place with the design and build contractor	Amber	↑	Red	Potential for increased total project cost due to increasing materials costs and inflation etc. It is expected that the contractor will be appointed in December 2022, which will limit the risk of further cost increases.
Land Acquisition – risk that land acquisition will not be completed in accordance with the timeline agreed by the Board	Amber	→	Amber	CPO is running concurrently with land negotiations to ensure acquisition is completed.
	Milestone Completion Date (July 2022)	Milestone Completion Date (November 2022)	Change in milestone date (RAG rating)	Commentary (To include: % of milestone achieved to date)
Completion of required land acquisition	August 2023	August 2023	Green	Land negotiations alongside CPO process continue. 60% of land has been committed by S.106 agreement
Completion of Procurement of Design and Build Contractor		December 2022	Amber	Procurement of the design and build contract is currently completing its assessment and review period. This is expected to be completed in December 2022.

LGF High Risk Project Update report

				80% complete
Environmental mitigation works		December 2023	Amber	As set out at 9.3, this delay has been caused by new regulations around beavers and this has required a review of the timeline for this milestone. This should not impact on the programme.
Construction commencement	August 2023	April 2024	Red	Procurement of a contractor has taken longer than expected, however, contractor appointment is due to be confirmed in December 2022.
Completion of works	June 2025	December 2025	Red	As per above the process for procurement of the contractor took longer than expected which has impacted on the construction programme.

11. Next Steps

- 11.1. 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. This timeline has been affected by the slight extension to the delivery programme.
- 11.2. Negotiations with the successful tenderer are expected to complete in December 2022, with the main contract commencing in January 2023, with design works scheduled to continue for the next 12 months.
- 11.3. Environmental mitigation works are ongoing, as set out at 9.2.
- 11.4. 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. If no new risks emerge then a further update will be provided to the Board at the first meeting in 2023/24.

12. Financial Implications (Accountable Body comments)

- 12.1. There continue to be a number of challenges to completion of the projects in this report, albeit that the majority of the LGF has been spent to date; this presents risks on assuring delivery of the expected outcomes, given the lack of certainty on the timelines for completion of the projects.
- 12.2. 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.
- 12.3. 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.
- 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 in respect of the two projects considered has been transferred to Thurrock Council and Kent County Council respectively, as the Project Lead Authorities; the funding has been transferred, under the terms of a Service Level Agreement (SLA) which makes clear that funding can only be used in line with the agreed terms.
- 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.

13. Legal Implications (Accountable Body comments)

- 13.1. 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.

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:
- 14.2. Eliminate unlawful discrimination, harassment and victimisation and other behaviour prohibited by the Act
- 14.3. Advance equality of opportunity between people who share a protected characteristic and those who do not.
- 14.4. Foster good relations between people who share a protected characteristic and those who do not including tackling prejudice and promoting understanding.
- 14.5. The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation.
- 14.6. 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 – A13 Widening - Project Background Information
- 15.2. Appendix B – A13 Widening – Updated forecast total project cost (Confidential)
- 15.3. Appendix C – A28 Sturry Link Road Project Background Information

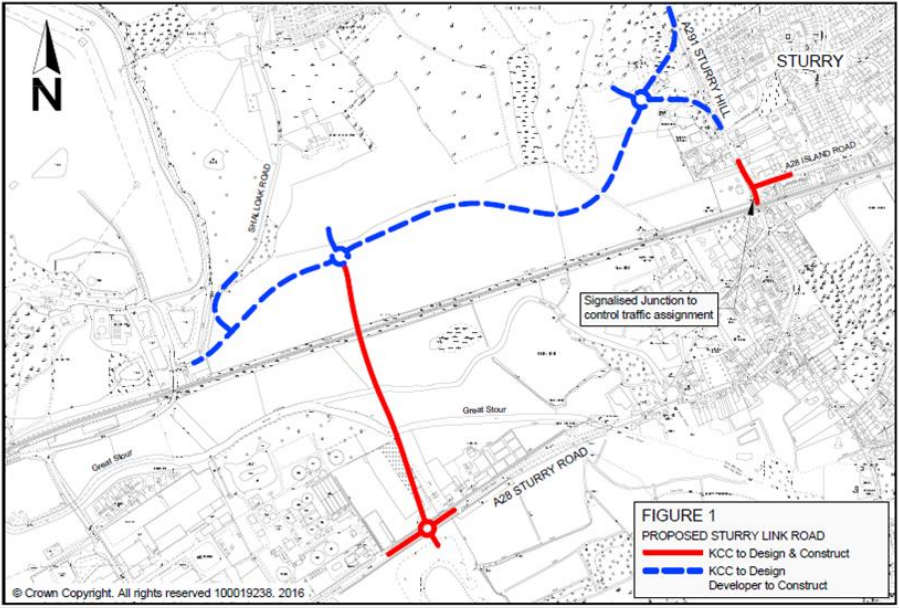
(Any request for background papers listed here should be made to the person named at the top of the report who will be able to help with any enquiries)

Role	Date
Accountable Body sign off	
Michael Neumann (on behalf of Nicole Wood, S151 Officer, Essex County Council)	17/11/2022

Appendix A – LGF Project Background Information

Name of Project	A13 Widening Thurrock Council													
Local Growth Fund (LGF) allocation	<table border="1"> <thead> <tr> <th>Date of award</th> <th>Amount (£m)</th> </tr> </thead> <tbody> <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 style="text-align: right;">Total</td> <td>81.500</td> </tr> </tbody> </table>		Date of award	Amount (£m)	April 2016 (LGF Development Funding)	5.000	March 2017 Accountability Board (DfT)	66.058	July 2020 Accountability Board (DfT)	8.942	March 2021 (Additional LGF)	1.500	Total	81.500
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July 2020 Accountability Board (DfT)	8.942													
March 2021 (Additional LGF)	1.500													
Total	81.500													
Description of what Project delivers	The Project involves widening the A13 Stanford le Hope Bypass in both directions, from the junction with the A128 in the west to the A1014 in the east. Once the Project is completed, there will be a continuous three-lane carriageway from the M25 to Stanford le Hope.													
Project benefits	When complete in January 2023, 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 street lighting at the eastern end of the scheme not completed until January 2023, due to longer than expected supply chain timeline for lighting equipment. <p>The Project is nearing completion, with the main highway works completing in May 2022 (road open with restrictions). It is likely that non highway works will complete in Winter 2022/23. Full completion expected late January 2023.</p>													
Link to Project page on the website with full Business Case	https://www.southeastle.com/project/a13-widening/													

Appendix C – 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	<table border="1"> <thead> <tr> <th colspan="2">A28 Sturry Link Road Key Dates</th> </tr> <tr> <th>Task</th> <th>Complete</th> </tr> </thead> <tbody> <tr> <td>Assess and Award Design and Build Contract</td> <td>Dec-22</td> </tr> <tr> <td>Design Phase</td> <td>Jan 23 - Dec 23</td> </tr> <tr> <td>Advance site clearance and Environmental Mitigation</td> <td>May 2022 - Dec 2023</td> </tr> <tr> <td>CPO process and Secretary of State decision</td> <td>Aug-23</td> </tr> <tr> <td>Approval of Design</td> <td>Jan-24</td> </tr> <tr> <td>Main Works Commence</td> <td>Apr-24</td> </tr> <tr> <td>Open A28 Sturry Link Road</td> <td>Dec-25</td> </tr> </tbody> </table>	A28 Sturry Link Road Key Dates		Task	Complete	Assess and Award Design and Build Contract	Dec-22	Design Phase	Jan 23 - Dec 23	Advance site clearance and Environmental Mitigation	May 2022 - Dec 2023	CPO process and Secretary of State decision	Aug-23	Approval of Design	Jan-24	Main Works Commence	Apr-24	Open A28 Sturry Link Road	Dec-25																																																																																	
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Project constraints	<p>Land Acquisition remains a risk and may require a Compulsory Purchase Order to support the acquisition.</p> <p>Delays to procuring the design and build contractor may have impacts on total project costs.</p>																																																																																																			
Link to Project webpage	https://www.southeastlep.com/project/a28-sturry-link-road/																																																																																																			

Forward Plan reference numbers: FP/AB/593

Report title: Growing Places Fund Update	
Report to: Accountability Board	
Report author: Helen Dyer, SELEP Capital Programme Manager	
Meeting date: 25 November 2022	For: Information
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 **Note** the update on the Centre for Advanced Engineering project and the risk to the agreed repayment schedule.

2.1.3 **Note** that the expected proposed revised repayment schedule for the Eastbourne Fisherman's Quayside and Infrastructure Development project will now not be forthcoming until the March 2023 Accountability Board meeting as additional time is required for more work to be undertaken to further develop the proposed revised repayment mechanism and schedule.

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 (as agreed at the June 2022 Strategic Board meeting), 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 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.
- 4.4 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. Repayments forecast for 2022/23 reflect the latest repayment schedules approved by the Board.
- 4.5 As reported previously, a significant risk to the agreed repayment schedule for the Eastbourne Fisherman's Quayside and Infrastructure Development project has been identified. It is now expected that a proposed revised repayment schedule for the project will be presented to the March 2023 Board meeting. Further information on this risk is provided in Section 6 below. The GPF repayment schedules are set out in Appendix B.
- 4.6 It has been confirmed that all projects, with the exception of Eastbourne Fisherman's Quayside and Infrastructure Development project, remain on track to make their scheduled repayments prior to the end of March 2023. The largest repayment due relates to the Sovereign Harbour project, which is due to repay £3.575m. East Sussex County Council have confirmed that they are

liaising with Sea Change Sussex (as delivery partner) regarding the options to either sell or refinance Pacific House (the building delivered using the GPF funding). If neither of these options can be concluded by 31 March 2023, a request to reprofile the remaining GPF repayment may be submitted for consideration at the next Board meeting. East Sussex County Council will continue to work with Sea Change Sussex to address this over the coming months and will provide SELEP with a further update as soon as more information is available.

- 4.7 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.

Table 1: GPF Cash Flow Position

£	2022/23	2023/24
GPF available at the outset of year	13,039,744	14,009,744
GPF funding repurposed	-	-
GPF available for investment	13,039,744	14,009,744
GPF Round 1 planned investments	0	0
GPF Round 2 planned investments	0	0
GPF Round 3 planned investments	4,650,000	0
Position before GPF repayments are made	8,389,744	14,009,744
GPF repayments expected	5,620,000	1,740,000
Carry forward	14,009,744	15,749,744

- 4.8 As shown in Table 1 total GPF Round 3 drawdown of £4.65m is forecast for 2022/23. To date, £1.9m of this funding has been drawn down to support project delivery.
- 4.9 Sufficient GPF funding is currently being held to meet the remaining drawdown requirements. All Round 1 and 2 GPF projects have drawn down their full allocation of funding. The drawdown schedule for the GPF programme is set out in Appendix C.
- 4.10 In November 2021, the Board agreed a revised repayment schedule for the Centre for Advanced Engineering project. As required, in advance of the Accountability Board meeting, the Essex County Council Section 151 Officer reviewed the proposed repayment mechanism and repayment schedule and recommended that a formal Continued Confirmation Statement and

Reprofiling of the forecast expenditure be provided by South Essex College (as the delivery organisation) to the Accountability Board and Essex County Council on an annual basis. The first update on the repayment schedule is provided in Section 7 of this report.

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 (red) 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 6 of this report.
- 5.3 The only other high risk identified relates to the delivery of the forecast project outcomes for the North Queensway project. The GPF funded enabling works have been delivered and the site is now unlocked for delivery of a new business park providing serviced development plots of high quality industrial and office premises. Delivery of this workspace is dependent upon receipt of private sector investment and the site is currently being marketed, however, to date no development has come forward on the site due to viability concerns. Steps are being taken to mitigate this risk and a further update will be provided at future meetings.
- 5.4 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.
- 5.5 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, including measuring delivery of benefits post project completion, is currently being undertaken. It was anticipated that this review would be completed in advance of this meeting, however, further time is required to complete this piece of work to ensure that the information provided at future Board meetings is fully accurate and robust.

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

- 6.1 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.

- 6.2 As the Board are aware from previous updates, the project encountered a number of issues including the need to renegotiate the lease for the land with the new owners following the collapse of Carillion (who were the original owners). This resulted in higher legal and lease purchase costs, a delay in delivery of nearly two years and cost over-runs thus using up the majority of the funds allocated for loan repayments.
- 6.3 Despite these issues work commenced onsite on 27 July 2020 and the project completed in April 2021 enabling the onsite shop to open and operation of the seafood processing infrastructure to commence. Phase 1 of the project was funded through a Marine Management Organisation (MMO) grant, GPF loan and East Sussex County Council loan.
- 6.4 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 allowing use of the buildings to commence.
- 6.5 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.
- 6.6 In July 2022 the current Eastbourne Fisherman's Under 10m CIC directors and their consultants worked to address and re-organise the current business plan model to ensure the future financial and operational success of the CIC. East Sussex County Council also undertook an initial review of the revised business plan and carried out an options appraisal, providing this information to the CIC in early September 2022 for consideration.
- 6.7 At the end of September 2022, East Sussex County Council officers met with the directors of the Eastbourne Fisherman's Under 10m CIC to discuss their plans for the GPF loan repayment. Discussion primarily focused on identifying options which are available to raise external finances to support loan repayment, including reviewing and seeking amendments to the current lease terms and restrictions of use on the building. The CIC directors agreed to open negotiations with the freeholder to discuss the viability of the options proposed.
- 6.8 It was reported in September 2022 that a proposed revised repayment schedule would be brought forward for Board consideration at this meeting. However, at the time of preparing this report, a formal response from the CIC directors in relation to their discussions with the freeholder is still awaited and

therefore it is not possible for a revised repayment schedule to be presented at this meeting.

- 6.9 In the meantime, the CIC directors have continued to work on their cash flow forecasts and have streamlined running costs. As a result, income projections are improving but external refinancing remains critical to confirming repayment terms.
- 6.10 East Sussex County Council will continue to work with the CIC, with a view to providing a more detailed update on the project, the revised repayment mechanism and repayment schedule to the Board in March 2023.
- 6.11 Any revised repayment schedule brought forward for Board consideration 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. If sufficient information is available, the proposed revised repayment schedule will be taken to the Strategic Board in February 2022 in advance of discussion at the March 2023 Board meeting.
- 6.12 In the meantime, 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. Until a proposed revised repayment schedule is brought forward for Board consideration, it should be noted that the repayment schedule previously agreed by the Board remains in place and requires full repayment of the remaining £0.825m funding during 2022/23 (as set out in Section 4.7 of this report).

7. Centre for Advanced Engineering – update on the agreed repayment schedule

- 7.1 The Board approved an award of £2m GPF funding to the Centre for Advanced Engineering project in December 2017. To date, none of this loan has been repaid.
- 7.2 South Essex College have delivered the new Centre for Advanced Engineering at their Eastwood Campus. The centre provides approximately 8,300sqm (Gross Internal Area) of space, with cutting edge facilities and workshops to support courses in engineering, motor vehicle maintenance and construction.
- 7.3 The Centre for Advanced Engineering has been operational since late 2018 and has supported South Essex College to deliver a range of practical courses. In November 2021, the College indicated that the project had supported 458 new learners, 73 apprentices and has created 21 teaching jobs at the site. No recent update on the realisation of project benefits has been provided.

- 7.4 As set out in Section 4 of this report, a revised repayment schedule for the project was agreed by the Board in November 2021. On the recommendation of Essex County Council (as responsible Upper Tier Local Authority for the project), the Board were advised that a formal Continued Confirmation Statement and Reprofiling of the forecast expenditure would be provided by South Essex College on an annual basis so as to provide the Board with ongoing assurance regarding the agreed repayment schedule.
- 7.5 In accordance with this agreement, South Essex College have provided their first update on the repayment schedule. South Essex College have indicated that whilst they remain committed to repaying the GPF loan, they are facing a number of significant challenges which also need to be managed. The challenges faced are set out below.
- 7.5.1 The Office for National Statistics is carrying out an exercise to determine if General Further Education Colleges, such as South Essex College, sit within the public or private sector. If this exercise concludes that the College should sit within the public sector, this could have significant implications in relation to the loan taken out by the College for the redevelopment of the Thurrock Campus. This loan is due for renewal on 31 January 2023 and it is likely that the lender will not be able to lend if the College is placed in the public sector. In this situation, the College would need support from the Department for Education if it is to survive.
- 7.5.2 A fixed term contract for the provisions of utilities at the College expired on 31 October 2022. A new contract is now in place, but costs have increased by almost 350%. When setting the budget, the College were advised to expect increases of 37% and therefore, even after taking into account Energy Relief offered by Government, there is a need to find additional funding totalling approximately £1.5m in each of the next two financial years.
- 7.5.3 The interest rate on the current loan facility is variable and is set at 2% above SONIA (Sterling Overnight Index Average). With current increasing interest rates, the College are forecasting an additional £0.25m per year in interest costs.
- 7.5.4 In addition to the factors outlined above, the College is also facing cost pressures due to rising inflation and increasing staff costs, with trade unions requesting a 10% pay rise for 2022/23.
- 7.6 South Essex College has met with their lender, the Department for Education and the Further Education Commissioner to outline the pressures they are currently facing. Unfortunately, none of the parties are able to offer any solutions until the outcome of the Office For National Statistics exercise is known. If the College is reclassified as public sector, the College may be able to reclaim VAT and potentially have staff pay rises partially externally funded as schools and academies are able to. This may help to mitigate some of the additional pressures arising from the change in status of the College.

- 7.7 South Essex College has put in a place a number of contingencies such as cost savings, sale and lease back of equipment and a capital repayment holiday proposal, however, the sale and lease back of equipment and the capital repayment holiday require approval from their lender and this cannot be secured until the outcome of the Office For National Statistics exercise is known.
- 7.8 It is clear that South Essex College are currently facing a number of significant and urgent financial pressures which need to be managed if the College is to survive. These pressures have the potential to have an adverse impact on the ability of the College to meet the agreed GPF repayment schedule. The first repayment on the loan is not due until March 2026, and therefore there is time for these pressures to be managed before the first repayment is due but it is important that the situation at the College is actively monitored.
- 7.9 It is recommended that a further update on the project is provided to the Board once the outcome of the Office for National Statistics exercise is known and the implications are fully understood by the College.

8. Financial Implications (Accountable Body Comments)

- 8.1 A total of £13.04m (table 1) GPF has been carried forward from 2021/22. There is sufficient funding available to meet the already agreed GPF investments due in this financial year. Of this balance, £8.389m is uncommitted increasing to £14.009m 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 the request to come forward to the Board for a change to the repayment schedule of the 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 Eastbourne Fisherman's Quayside and Infrastructure Development project continues to be in default in respect of the repayment of £150,000 that was due by 31st March 2022; as the request to re-profile the loan repayment has not been brought forward to this meeting by East Sussex County Council, as previously anticipated, the interest will continue to accrue on the loan.
- 8.3 The remaining balance of the loan, a further £675,000 is scheduled for repayment by March 2023 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, however, it has not yet been possible to bring forward a revised repayment profile for the reasons set out in the main body of the report.
- 8.4 The GPF programme could be further impacted should neither of the options to support the repayment of the £3.575m due by end of March 2023 in relation to the Sovereign Harbour project, be realised. This position will continue to be monitored with East Sussex County Council in advance of March to

understand the options for assuring any risks emerging in this respect.

- 8.5 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. Reprofiling requests from GPF projects and repayment risks that are highlighted in reporting, may result in a delay in the amount of GPF repaid by projects and may reduce the amount of GPF available for reinvestment in future years.
- 8.6 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 currently 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 advised that options for the use of the available balance of GPF should be brought forward to the Strategic Board and the Board for consideration as soon as resources allow to enable a decision to be made on the future management of GPF as a recyclable capital loan scheme.
- 8.7 It is continued to be 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 (On behalf of Nicole Wood, S151 Officer, Essex County Council)	16/11/2022

Growing Places Fund Update Appendix A				Deliverability and Risk						
Name of Project	Upper Tier Local Authority	GPF Round	Description	Current Status	Delivery Risk	GPF Spend Risk	Repayment Risk	Delivery of Project outcomes	Other Risks	Overall Project Risk
Eastbourne Fisherman's Quayside and Infrastructure Development	East Sussex	Round Two	This capital project has secured £1,000,000 European Maritime and Fisheries Fund (EMFF) grant funding to build a Fishermen's Quay in Sovereign Harbour to develop local seafood processing infrastructure to support long term sustainable fisheries and the economic viability of Eastbourne's inshore fishing fleet.	Work commenced onsite on 27th July 2020 and an official ground breaking ceremony was held on 24th August. GPF funded element of the wider project has been completed.	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 March 2023 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 March 2023 Board meeting.
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. Private sector investment is required to bring forward commercial development on the site. However, there has been a lack of interest from the private sector due to viability issues caused by costs exceeding the low land values in the area and the adverse planning history of the site. An application will be made to RICS for the appointment of a Chartered Surveyor, acting as an independent expert, to determine the Option Price for the land.	GPF funded enabling works complete	GPF funding spent in full	GPF repaid in full	Delivery of the planned commercial workspace is dependent upon receipt of private sector investment. To date there has been a lack of interest in the site from the private sector.		The GPF funded enabling works have been completed, however, no commercial workspace has been brought forward to date. The site continues to be marketed.
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.	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 wind farm due to be used to support the production of hydrogen needs to be upgraded and safety issues have been identified with some of the wind turbines. Work is ongoing to address this issue but in the meantime, alternative options are being considered by the delivery partner to ensure that the project can progress as planned.	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 and the need to upgrade the existing wind farm. Project outcomes still expected to be delivered as per the Business Case.

Growing Places Fund Update Appendix A				Deliverability and Risk						
Name of Project	Upper Tier Local Authority	GPF Round	Description	Current Status	Delivery Risk	GPF Spend Risk	Repayment Risk	Delivery of Project outcomes	Other Risks	Overall Project Risk
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 commenced onsite. Installation of a new lift has been delayed but the majority of the works have now been completed.</p> <p>Heads of terms are being negotiated with a range of tenants, with some tenants already in situ on both the Alley Level and the first floor office spaces.</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 installation of the new lift outstanding	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.	The cost of living crisis may reduce the level of income earned, whilst increasing energy prices may increase the operating costs for the building.	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. Work is ongoing to ensure that the whole building is weathertight but cost inflation has made it impossible to complete all the planned works - additional GBF funding has been sought to help mitigate the cost increases.	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.	The cost of living crisis may reduce the level of income earned, whilst increasing energy prices may increase the operating costs for the building.	Project is progressing onsite. Project outcomes remain as set out in the Business Case. Repayment risk will be monitored following project completion
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.	<p>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.</p> <p>Revised repayment schedule agreed in November 2021.</p>	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. The first update is presented within the GPF Update Report.	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.
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 in relation to the GPF funded element of the project	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.	Limited updates on project outcomes provided.	The overall cost of the project has risen significantly due to the increase in construction materials costs in 2021/22 and as a result, a viability report has been prepared to test the current project outputs.	GPF funded works delivered and GPF funding repaid in full. However, cost increases have impacted on the delivery of the wider project.

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Name of Project	Upper Tier Local Authority	GPF Round	Description	Current Status	Delivery Risk	GPF Spend Risk	Repayment Risk	Delivery of Project outcomes	Other Risks	Overall Project Risk
Herne Relief Road - Bullockstone Road improvement scheme	Kent	Round Three	The proposed Herne Relief Road is formed of two sections: the Bullockstone Road Improvement Scheme and a spine road through the proposed Lower Herne Village at Strode Farm. This project seeks to bring forward the Bullockstone Road Improvement Scheme element of the Relief Road.	Advanced clearance works have been undertaken. Procurement of a construction contractor has concluded and work commenced onsite on 1 August 2022.	Construction contract has been awarded and work has commenced onsite	Work has now commenced onsite and therefore there is not expected to be a risk to the spend of the GPF funding	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 has commenced onsite 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.
Innovation Park Medway (southern site enabling works)	Medway	Round Two	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. 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. The Project will bring forward site enabling works on the southern site at the Innovation Park.	Demolition of the disused building is now complete. The Masterplan and Local Development Order (LDO) have now been adopted by both Medway Council and Tonbridge and Malling Borough Council. 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.	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. In a change of approach, it is now intended that Medway Council will bring forward the commercial workspace on the site, with a view to leasing the space to businesses, rather than businesses building their own workspace.	Procurement of a contractor to deliver the commercial workspace has not yet been undertaken and therefore there remains a risk of significantly increased costs being returned.	The GPF funded enabling works have now been delivered and the GPF funding has been repaid in full. Realisation of project outcomes is now dependent upon Medway Council bringing forward the commercial workspace on the site.
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 has agreed a revised repayment schedule with Kent County Council 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 Q3 2022/23	Loan recipients were allowed a repayment holiday until 30 September 2021 but repayments have now recommenced. A revised repayment schedule has been agreed for one of the projects due to the impacts of the COVID-19 pandemic.	Two projects repaid in advance of their agreed final repayment date, and therefore the forecast job creation to be achieved within the contractual period of 5 years could not be achieved. Additional outcomes will be delivered as a result of the recently approved final project and therefore forecast project outcomes should still be achieved.		The award of the final loan has now been approved but the remaining GPF funding is yet to be drawn down and spent on project delivery.

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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 to bridge a viability gap which has arisen as a result of COVID-19 impacts on the property market. Further GBF funding has been sought to help mitigate the impact of increasing costs. Construction is nearing completion, with final utilities work now delivered. All but one of the industrial units are now let or sold and tenants are starting to access the units to commence fit out. Official opening of the JVC Building scheduled for 7 December 2022.	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.	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.
Bexhill Business Mall	East Sussex	Round One	The Bexhill Business Mall (Glover's House) project has delivered 2,345m ² of high quality office space with the potential to facilitate up to 299 jobs. This is the first major development in the Bexhill Enterprise Park in the A259/A21 growth corridor.	Glover's House has been delivered. The building has been sold which allowed full repayment of the GPF loan to be made during 2019/20	Project Complete	Project Complete	GPF funding repaid in full	As the building has now been sold, it is difficult to obtain real-time data regarding the number of jobs created as a result of the project.		Project completed and GPF repaid in full
Chatham Waterfront	Medway	Round One	The project will deliver land assembly, flood mitigation and the creation of investment in public space required to enable the development of proposals for the Chatham Waterfront Development. A waterfront development site that can provide up to 175 homes over 6 to 10 storeys with ground floor commercial space.	Piling is now complete for all blocks and work is continuing on 3 of the blocks. Work has commenced to deliver the new turning required to access the site.	GPF funded element of the project has been completed. COVID-19 impact on wider project delivery is being continually monitored but work is ongoing onsite	The GPF Funding has been spent in full	GPF funding repaid in full	Realisation of forecast project outcomes is dependent upon delivery of the wider project.		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 the number of houses delivered and the number of jobs created.		GPF element of the project complete
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/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.

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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.	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.
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.	13 projects currently contracted and underway in Canterbury, Dover, Faversham, Folkestone, Herne Bay, Hythe, Margate, Sheerness, Sittingbourne and Ramsgate. These projects are expected to return 14 empty commercial units back into use and create 42 residential units. Discussions are ongoing regarding 2 potential new projects in Ramsgate and Folkestone. Approval for accelerated drawdown of £500,000 GPF originally forecast for drawdown in 2023/24 was granted at the July 2022 Board meeting.	The first 13 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 was received at the July 2022 Board meeting.	The project is in the early stages but no repayment risk identified to date.	The impact of COVID-19 on the High Street may result in fewer large commercial premises coming forward for redevelopment. However, initial signs are good and encouraging discussions are ongoing with developers.		Project is progressing well and accelerated drawdown of GPF funding has been agreed 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. 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 obtain real-time data regarding the number of jobs created as a result of the project.		Project completed and GPF repaid in full

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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.</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 S106 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.	Realisation of full forecast project outcomes is dependent upon delivery of the wider project. Work is ongoing onsite.	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.
Charleston Centenary	East Sussex	Round Two	<p>The Charleston Trust have created a café-restaurant in the Threshing Barn on the farmhouse's estate. This work is part of a wider £7.6m multi-year scheme – the Centenary Project – which aims to transform the operations of the Charleston Farmhouse museum.</p>	<p>The GPF funded works on the café-restaurant are now complete and the café-restaurant is open.</p> <p>Immediate impacts of the COVID-19 pandemic have been experienced, resulting in delays to repayment of the GPF loan.</p>	Project complete	GPF funds spent	Following impacts of COVID-19, a revised repayment schedule was approved by the Board in July 2020. Repayment plans remain in line with the agreed revised repayment schedule.	Significant benefits have been realised since completion of the Centenary Project. Impacted by COVID-19 pandemic but steps have been taken to try and ensure recovery from 2021 onwards - including use of GPF funding to improve access to the site		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	<p>The Fitted Rigging House project converts a large, Grade 1, former industrial building into office and public benefit space initially providing a base for eight organisations employing over 350 people and freeing up space to create a postgraduate study facility elsewhere onsite for the University of Kent Business School. The project also provides expansion space for the future which has the potential to enable the creation of a high tech cluster based on the work of one core tenant and pre-existing creative industries concentrated on the site. The conversion will provide 3,473m² of office space.</p>	<p>Building works to the project were complete as of 31st March 2020. The building is now fully occupied, with all 8 tenants operating from their new working spaces.</p> <p>Immediate impacts of the COVID-19 pandemic were experienced, resulting in delays to repayment of the GPF loan.</p>	Project complete.	GPF allocation spent in full.	Revised repayment schedule agreed in February 2022 which is achievable against expected cashflows	Financial sustainability of business tenants is returning to pre COVID-19 levels thereby reducing the risk that project outcomes will not be realised.		Project delivered and revised repayment schedule agreed.
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 is nearing completion	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.	Contracts are now in place to ensure delivery of the outcomes stated within the Business Case. Timeframe for realisation of benefits will be affected by COVID-19 construction delays.	No other risks identified. The number of commercial units in contract exceed the total stated in the Business Case.	Works delivered through the Project are nearing completion.
No Use Empty Residential	Kent	Round Three	<p>The No Use Empty Initiative seeks to improve the physical urban environment in Kent by bringing empty properties back into use as quality housing accommodation and by raising awareness of the issues surrounding empty properties, highlighting the problems they cause to local communities. This objective is achieved through the provision of short-term secured loans (up to 3 years) to property owners.</p>	<p>The Growing Places Fund loan agreement has now been completed by all parties and the funding released to Kent County Council.</p> <p>There is a healthy pipeline of projects for 2022/23 and further publicity around the initiative is planned. The first 5 projects under this funding stream are now in contract, with a total of 13 projects now approved.</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.

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
Parkside Office Village	Essex	Round One	SME Business Units at the University of Essex. Phase 1, 14,032 sqft.; 1,303sqm lettable space, build complete June 2014. Phase 1a 3,743 sqft.; 348 sqm - complete September 2016.	Project complete and GPF funding repaid in full.	Project Complete	Project Complete	Project Complete and loan repaid in full.	Forecast project benefits now realised		Project Complete and expected project outcomes delivered.
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	GPF funding spent in full	Repayment of the remaining balance owed on the loan is due in March 2023. Steps have been taken to secure the sale of Pacific House prior to the end of 2022/23 to allow the final repayment to be made.	It has been reported that 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	Initial information on project outcomes provided.		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	3,955,708	1,500,000	1,000,000	1,000,000	1,500,000	-	-	5,000,000
Sub Total		46,705,042	46,705,042	40,297,750	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	2,000,000	1,543,000	-	-	-	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	3,500,000	-	-	-	-	-	3,500,000	-	3,500,000
Observer Building, Hastings - Tranche 2	East Sussex	1,616,500	1,616,500	575,645	-	-	-	-	1,616,500	-	1,616,500
No Use Empty Residential	Kent	2,500,000	2,500,000	137,000	-	-	-	-	1,250,000	1,250,000	2,500,000
Sub Total		18,186,500	15,436,500	4,605,645	-	-	100,000	1,750,000	14,586,500	1,750,000	18,186,500
Total		73,308,542	70,558,542	53,320,395	41,375,675	5,620,000	1,740,000	3,940,000	16,383,500	2,984,600	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	58,401,542	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: Update on SELEP Revenue Budget 2022/23 and Proposed Revenue Budget 2023/24	
Report to Accountability Board	
Report author: Lorna Norris, Senior Finance Business Partner	
Meeting Date: 25 November 2022	For: Decision
Enquiries to: lorna.norris@essex.gov.uk	
SELEP Partner Authority affected: Pan SELEP	

1. Purpose of Report

- 1.1 The purpose of this report is for the Accountability Board (the Board) to consider the updated forecast to the 2022/23 budget including specific grants. In addition, a proposed budget for 2023/24 is recommended for approval, based on current knowledge of funding available in 2023/24.

2. Recommendations

- 2.1 The Board is asked to:

- 2.1.1 **Approve** the updated 2022/23 SELEP revenue forecast budget set out in Table 1, including the specific funds summarised in Table 3.
- 2.1.2 **Approve** the appropriation of £192,000 of the Sector Support Fund to the Operational Reserve to support the on-going operations of SELEP.
- 2.1.3 **Approve** the revenue budget for 2023/24 set out in Table 6, including the appropriations in reserves, as set out in Table 7.
- 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 The latest forecast position for the SELEP revenue budget has been reviewed with the SELEP Chief Executive and is summarised in Table 1. This reflects a positive net movement from the budgeted position of £292,000; this is primarily due to the proposal to appropriate £192,000 of Sector Support Funds (SSF) that are no longer required for that programme to Operational Reserves (see 3.3) and a forecast increase in interest received on the Capital balances held of £89,000 (see 3.5.2). This is summarised in Table 2.

Table 1: 2022/23 Updated Revenue Forecast

	Updated Forecast £000	Latest Budget £000	Variance £000	Variance %	Previous Forecast £000	Forecast Movement £000
Staff salaries and associated costs	751	771	(20)	-3%	783	(31)
Staff non salaries	7	6	1	24%	6	1
Recharges (incl. Accountable Body)	284	269	15	6%	284	-
Provision For Redundancies	1	1	-	-	1	-
Total staffing	1,044	1,047	(3)	0%	1,074	(30)
Meetings and admin	150	148	2	1%	148	2
Chair and Deputy Chair Allowance including oncosts	37	40	(3)	-7%	40	(3)
Consultancy and project work	122	130	(8)	-6%	130	(8)
COVID-19 Support Programmes	1,760	1,760	-	0%	1,760	-
Grants and contributions to third parties	394	585	(191)	-33%	586	(192)
Total other expenditure	2,464	2,663	(200)	-8%	2,664	(201)
Total expenditure	3,507	3,711	(203)	-5%	3,738	(231)
Grant income	(1,016)	(1,208)	192	-16%	(1,208)	192
Contributions from partners	(138)	(138)	-	-	(138)	-
COVID-19 Support Fund	(1,760)	(1,760)	-	0%	(1,760)	-
External interest received	(110)	(21)	(89)	-	(21)	(89)
Total income	(3,024)	(3,127)	103	-3%	(3,127)	103
Net cost of services	483	583	(100)	-17%	611	(128)
Funds transferred (to)/from the Operational Reserve (not charged to services)						
Other re-purposed funds transferred to Reserves	(227)	(35)	(192)	-	(35)	(192)
Contribution from Redundancy Reserve	(52)	(52)	-	-	(52)	-
Net Deficit (Surplus) on provision of services	204	496	(292)	-59%	524	(320)
Net Contributions to/(from) Operational reserves	(204)	(496)	292	-59%	(524)	320
Final net position	-	-	-	0%	-	-

Note: Table may not sum due to rounding

Table 2: Summary of Movements in the Forecast Outturn compared to Budget

	£'000
Latest Budgeted Contribution from the Operational Reserve	496
Movements in Net Cost of Services	
Staff Salaries and Accountable Body Recharges	(3)
Other net movements	(8)
Reduction in SSF Grant Contributions	(192)
Transfer of SSF to Operational Reserve	192
Increase in external interest received	(89)
Total Movement in Net Cost of Services	(100)
Movement in Contributions to the Operational Reserve	(192)
Total Net Movements	(292)
Proposed Updated Net Contribution from the Operational Reserve	204

- 3.2 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 forecast specific grants position is set out in Table 3 below.

Table 3: 2022/23 Forecast Specific Revenue Funds Summary

Fund	Funding Brought Forward £000	Forecast Funding Received £000	Forecast Funding Applied £000	Funding Repurposed to Reserves £000	Funding Carried Forward £000
Sector Support Fund (SSF)	(303)	-	111	192	-
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)	641	192	-
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)	2,777	227	(66)

Note: Table may not sum due to rounding

3.3 A summary of each grant is set out in Appendix A; the only forecast movement to the budgeted position is in respect of the proposed appropriation to the Operational Reserve of £192,000 in respect of the Build Back Better SSF project. At the October 2022 meeting of the Strategic Board the SSF update confirmed that the Building Back Better SSF project was requested to be removed from the SSF programme as the project could not be delivered as originally approved. As the SSF programme is closed to further applications, the £192,000 is now requested to be appropriated to the Operational Reserve to support the future operations of SELEP into 2023/24.

3.4 Covid-19 Recovery Funds

3.4.1 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.

3.4.2 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. The Board agreed in July 2022 for this funding to be repurposed: £10,000 to support year four of a Digital Skills Partnership for Catalyst South and the residual £35,000 underspend was agreed by the Board to be repurposed to the Operational Reserve in 2022/23.

3.5 **Capital Funds Update**

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

- 3.5.2 The Funds held by the Accountable Body on behalf of SELEP, are invested by the Council's Treasury Management team in accordance with the agreed policies; the associated external interest received is used to support the revenue Budget of SELEP. Recent increases in interest rates have meant that the forecast position has been reviewed based on the forecast of balances held to the end of March 2023; the latest forecast indicates an increase of £89,000 compared to budget. This position continues to be kept under review and may be further improved should interest rates be sustained or increased through the remainder of this year.

Table 4: Capital Funds Administered by SELEP in 2022/23

Fund	Fund balance brought forward £000	Forecast Funding Received / Repaid £000	Forecast Funding Applied £000	Forecast Fund Balance Carried Forward £000
Local Growth Fund (LGF) (DLUHC)	-	-	-	-
Local Growth Fund (LGF) (DfT)	-	-	-	-
Growing Places Fund (GPF) (on-going Loan Fund)	(13,040)	(5,620)	4,650	(14,010)
Getting Building Fund (GBF)	-	-	-	-
Total Funds	(13,040)	(5,620)	4,650	(14,010)

Notes to Table 4:

- 3.5.3 **Local Growth Fund (LGF)** – all remaining LGF was transferred to delivery partners by the end of 2021/22. However, circa £47m of the total LGF allocation is planned to be spent by partners from 2022/23 onwards, with on-going commitments of delivery, monitoring and evaluation to SELEP and the Accountable Body (see agenda item 10).
- 3.5.4 **Local Growth Fund (LGF) (DFT)** – all remaining LGF was transferred to delivery partners by the end of 2021/22. However, circa £13.8m of the total DFT LGF allocation is planned to be spent by partners from 2022/23 onwards, with on-going commitments of delivery, monitoring and evaluation to SELEP and the Accountable Body. This includes an allocation that remains to be received in relation to the A127 Fairglens project of £13.5m, but is subject to final approval by the Secretary of State – see agenda item 10 for further details.
- 3.5.5 **Growing Places Fund (GPF)** – GPF is a recyclable loan scheme with a balance to be carried forward into 2022/23 is £13.04m, of which, £4.65m is committed to approved projects; this leaves £8.39m for reinvestment into new Projects across the SELEP region. This balance will increase provided that existing Projects meet their commitments to repay their loans in line with their funding agreements – a further £5.62m is due by the end of 2022/23, leaving a balance of £14.01m.

The current pipeline for investment has been fully funded and SELEP

have advised that they intend to bring a proposal for reinvestment to Strategic Board in the next 6 months (subject to resources being available to support this process). Further information on the GPF position can be found in Agenda item 16. Current commitments in the management and oversight of this fund by the Accountable Body extend beyond 2026/27, when the final repayment is currently due.

- 3.5.6 The GPF update report (agenda item 16), sets out that there has been a default in a loan repayment that was due by March 2021 in respect of the Eastbourne Fisherman's Quay and Infrastructure Development project totalling £150,000; in line with the credit agreement for this Project, interest of 1.99% will be applied to the full remaining balance of the loan of £825,000, until a revised repayment schedule is agreed by the Board or the balance in default is repaid, whichever is sooner. Until a revised repayment schedule is agreed that has been assured by the East Sussex County Council S151 Officer, the repayment of the full outstanding balance of the loan presents a risk to the GPF and the funding available for future reinvestment.

The GPF Update report flags other potential risks to repayments arising through the current challenges in the economic climate; these will continue to be monitored and an updated provided to Board at the next meeting.

- 3.5.7 **Getting Building Fund (GBF)** - The Ministry of Housing, Communities and Local Government (now the Department for Levelling Up, Housing and Communities or DLUHC) awarded SELEP Getting Building Fund (GBF) totalling £85m; £42.5m of this fund was awarded and transferred to partners in 2020/21; the remaining £42.5m was received by the Accountable Body in May 2021 and was transferred in full to Partners by 31/03/22. Of the total amount transferred to partners, £21.213m is forecast to be spent in 2022/23. Further information on this fund is set out in Agenda item 5.

3.6 Funding Risks

- 3.6.1 The Government only confirms funding for SELEP on an annual basis; this increases the risk to delivery partners and the overall sustainability of SELEP. This risk was exacerbated for 2022/23 as the Core funding contribution from Government wasn't confirmed as received until August 2022 and the value had reduced to £375,000 from £500,000 in prior years. This late confirmation of funding has impacted the Delivery planning for 2022/23 and whilst receipt of this funding has enabled less reliance on reserves in the current year, the uncertainty with respect to the on-going funding position remains.
- 3.6.2 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 below on the Proposed budget for 2023/24 (section 4).

- 3.6.3 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.
- 3.6.4 Due to the on-going uncertainties with respect to the future role and funding for 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.
 - Other risks being managed by the Accountable Body on behalf of SELEP.
- 3.6.5 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 continues to be subject to review as part of the on-going financial monitoring and forms part of the reporting to the Board on a quarterly basis. The latest assessment of the reserves is set out in 3.7 below; any changes to the level of reserves is subject to a decision by the Board.

3.7 Reserves

- 3.7.1 Table 1 includes a budgeted net contribution from reserves of £496,000 to ensure there is sufficient funding for the planned expenditure in 2022/23. This position assumes receipt of the grants set out in Table 3, received from the respective Government department. The latest forecast reduces this budgeted contribution from reserves to £204,000 as set out in Table 2 above. The impact of this is to increase the reserves available to support SELEP into

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/government/consultations/levelling-up-the-united-kingdom)

2023/24.

3.7.2 Table 5 summarises the level of Operational Reserves that will be available to support SELEP based on the latest forecast position. This anticipates that £1.097m will remain at the end of March 2023 to support delivery into 2023/24.

3.7.3 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 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.

Table 5: 2022/23 Forecast 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	279	(483)	1,097	(204)
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	324	(2,330)	2,717	(2,006)

Note: Table may not sum due to rounding

4 2023/24 Proposed Revenue Budget

- 4.1 The delivery priorities of SELEP within a single financial year are constrained by the budget available to support those activities. In light of the continuing financial uncertainties anticipated into 2023/24, the budget makes no assumptions with respect to new external funding to support operations into 2023/24.
- 4.2 The proposed budget set out in Table 6 below has been planned on the basis of the forecast available reserve funding. The budget assumes continuation of the existing team (which is a reduction over that from 2021/22) and that the two current fixed term vacancies will be filled.
- 4.3 The majority of other costs are assumed at the current value, plus an allowance for inflation at 5%; this is lower than the current inflation levels, but the amount is considered to be manageable across the respective budgets.
- 4.4 A notable saving of £40,000 is included in respect of the allowances and associated on-costs for the Chair and Vice Chair of SELEP; it was agreed by Strategic Board in June 2022 that following recruitment to these posts from March 2023, an allowance would no longer be applicable – a small budget

has, however, been included for expenses that may be incurred in respect of these posts.

4.5 Other key assumptions included in the proposed budget are as follows:

4.5.1 Grant Income – No grant income is forecast to be carried forward into 2023/24 from the current year and no new grants have been confirmed to SELEP to incorporate into the budget at this time. Grant allocations during 2022/23 were significantly reduced in comparison with prior years and the current economic outlook means that it is prudent to assume no new funding will be received. The impact of this means that where staff have previously been funded through grants, reliance is now proposed to be placed on the reserve funding held.

4.5.2 Core Funding – The CLGU have not been able to confirm any additional core funding beyond the reduced allocation received for 2022/23; it has therefore been assumed that this will not be received for budgeting purposes.

4.5.3 Contributions from Partners - In previous years, a funding contribution (totalling £137,500 in 2022/23) from the six upper tier local authority partner authorities in SELEP has been made as a match for the Core Funding received from Government. As the Core Funding is unconfirmed by Government at this stage, no match funding is anticipated; this position does further add to the financial challenges of SELEP in 2023/24.

4.5.4 External Interest – the capital balances held in respect of the Growing Places Fund accrue external interest; it is assumed that income will be received in this respect in line with the current 2022/23 forecast. This budget will be impacted by varying interest rates and any new payments or repayments made into the fund; as such it will be regularly reviewed as part of the on-going monitoring of the budget.

4.5.5 Covid Support Programme - Table 3 set out that the only confirmed funded programme that is continuing into 2023/24 is the Covid-19 Business Support Scheme funding; this funding will be held in an earmarked reserve for use in 2023/24 to fund the final contractual payments in respect of the evaluation element of the programme. This amounts for £66,000 and has been reflected in Budget set out in Table 6.

4.6 The Strategic Board are still to agree the Delivery Plan for 2023/24 that will be delivered using the proposed budget set out in this report; the budget, however, has been developed in conjunction with the SELEP CEO to ensure that it aligns to the headline activities presented to Strategic Board in October 2022, which include:

- Strategic Planning and Intelligence
- Communications, collaborating and convening the business voice

- Delivery and oversight of the Programmes of the LEP, particularly the capital investment programmes that are updated on elsewhere in the Agenda

Table 6: Proposed 2023/24 Budget

	2022/23	2022/23	2023/24		
	Updated Forecast	Latest Budget	Proposed Budget	Budget Movement	Budget Movement
	£000	£000	£000	£000	%
Staff salaries and associated costs	751	771	843	72	9%
Staff non salaries	7	6	7	1	18%
Recharges (incl. Accountable Body)	284	269	113	(156)	-58%
Provison For Redundancies	1	1	1	0	-
Total staffing	1,044	1,047	965	(82)	-8%
Meetings and admin	150	148	98	(51)	-34%
Chair and Deputy Chair Allowance including oncosts	37	40	3	(37)	-94%
Consultancy and project work	122	130	24	(106)	-82%
COVID-19 Support Programmes	1,760	1,760	66	(1,694)	-96%
Grants and contributions to third parties	394	585	-	(585)	-100%
Total other expenditure	2,464	2,663	190	(2,474)	-93%
Total expenditure	3,507	3,711	1,155	(2,556)	-69%
Grant income	(1,016)	(1,208)	-	1,208	-100%
Contributions from partners	(138)	(138)	-	138	-
COVID-19 Support Fund	(1,760)	(1,760)	-	1,760	-100%
External interest received	(110)	(21)	(110)	(89)	-
Total income	(3,024)	(3,127)	(110)	3,017	-96%
Net cost of services	483	583	1,045	462	79%
Funds transferred (to)/from the Operational Reserve (not charged to services)					
Re-purposed funds transferred to Reserves	(227)	(35)	-	35	-
Funds transferred from Earmarked Reserves	(52)	(52)	(179)	(127)	-
Net Deficit (Surplus) on provision of services	204	496	866	369	74%
Net Contributions to/(from) Operational reserves	(204)	(496)	(866)	(369)	74%
Final net position	-	-	-	-	0%

Note: Table may not sum due to rounding

5 2023/24 Reserves Summary

- 5.1 The following table sets out the anticipated Operational Reserve held as at April 2023 of £1.097m; this assumes that the end of year position reflects the forecast planned appropriations to / from reserves in 2022/23 as set out in Table 5 above.
- 5.2 The proposed budget position for 2023/24 anticipates the requirement of £1.45m from the Operational Reserve to fund the costs in that year. This position includes those costs for which funding has been set aside in the Earmarked Reserves, namely, the anticipated costs in relation to the Accountable Body (£113,000) and the residual spend on the Covid-19 Business Support Fund (£66,000). The budget includes the appropriation of this funding to the Operational Reserve to support the expenditure in 2023/24.

This position is summarised in Table 7.

- 5.3 The overall position for 2023/24 is slightly improved over that assumed in November 2021, where all remaining Operational Reserves were anticipated to be required to support spend in 2023/24. This improvement has been realised through the reductions in staffing sustained by the Secretariat through 2022/23 and the receipt of some core funding and partner contributions in 2022/23, which has meant that less reliance has had to be placed on reserves than anticipated in this year – this is set out in Table 1 above.
- 5.4 It is currently assumed that £231,000 of the Operational Reserve will be available to support activities into 2024/25; this is much reduced in comparison to current levels which means that without identification of additional funding, the operations of the LEP will need to be scaled back accordingly.
- 5.5 The value of the risk and the redundancy reserves are not proposed to be changed for the 2023/24 budget as, at present the level of uncertainty and risk with respect to future operations means that it is considered appropriate to retain these at current values. All the reserves will remain under regular review, as a consequence of this uncertainty, with continued quarterly updates being provided to the Board as part of the regular finance update.

Table 7: Planned Reserves 2023/24

	Forecast Opening Balance Apr '23 £'000	Contributions £'000	Withdrawals £'000	Forecast Closing Balance Mar '24 £'000	Net Movement in Reserves £'000
Operational Reserve	1,097	179	(1,045)	231	(866)
Reserves Earmarked for future use					
Covid-19 Skills Support Fund	-	-	-	-	-
Covid-19 Business Support Fund	66	-	(66)	-	(66)
Redundancy Reserve	156	-	-	156	-
Future Commitments Reserve	423	-	(113)	310	(113)
Risk Reserve	975	-	-	975	-
Total Reserves	2,717	179	(1,224)	1,672	(1,045)

6 Financial Implications (Accountable Body comments)

- 6.1 This report has been authored by the Accountable Body and the recommendations are considered appropriate.
- 6.2 The forecast 2022/23 revenue outturn 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.
- 6.3 At this time, basing the proposed budget for 2023/24 on the Operational Reserves forecast to be held at the end of March 2023, is considered to be

prudent given the lack of assurance with respect to future funding for the LEP.

- 6.4 A number of the SELEP Secretariat staff are currently 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.
- 6.5 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.
- 6.6 The Accountable Body will continue to support the Secretariat in reviewing the budget options for future years and in understanding the impact of any changes required as a result of the evolving financial position.

7 Legal Implications (Accountable Body comments)

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

8 Equality and Diversity implication

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

9 List of Appendices

- 9.1 Appendix A – Specific Grant Summary

10 List of Background Papers

10.1 None

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

Role	Date
Accountable Body sign off Michael Neumann (On behalf of Nicole Wood, S151 Officer Essex County Council)	 16/11/2022

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	Updated Forecast	Latest Budget	Variance	Variance
	£000	£000	£000	%
Recharges (incl. Accountable Body)	145	146	(1)	-1%
Office expenses	-	-	-	0%
Consultancy and projects	102	102	-	0%
Grants to third parties	384	576	(192)	-33%
Match Fund to 3rd Party	10	9	1	0%
Contribution to Reserves	192	-	192	0%
Total Expenditure	833	833	-	0%
Grant Income	(833)	(833)	-	0%
Total income	(833)	(833)	-	0%
Net position	-	-	-	0%

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 £303,500 was held at the beginning of April that is allocated to Projects but had not yet transferred to Local Partners; £40,000 of this amount has since been transferred to East Sussex County Council to support the Coastal Communities project. £192,000 in relation to the Build Back Better Project is requested to be appropriated to the Operational Reserve following cancellation of the Project. The Accelerating Nature-Based Climate Solutions Project has requested an extension in its delivery timeline to end of December 2022, although this still means that the funding is due to be spend in full in 2022/23.

Table B: SSF Expenditure Summary

Sector Support Fund	Updated Forecast	Latest Budget	Variance	Variance
	£000	£000	£000	%
Recharges (incl. Accountable Body)	-	-	-	
Office expenses	-	-	-	
Consultancy and projects	-	-	-	
Grants to third parties	111	303	(192)	
Contribution to Reserves	192	-	192	
Total Expenditure	303	303	-	
Grant Income	(303)	(303)	-	
Total income	(303)	(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.

Part of the Growth Hub funding continues to support the resources within the Secretariat that support the Growth Hub programme. The Strategic Board agreed in June 2022 the proposed use of the funding for 2022/23.

Table C: Growth Hub Grant Expenditure Summary

Growth Hub	Updated Forecast	Latest Budget	Variance	Variance
	£000	£000	£000	%
Recharges (incl. Accountable Body)	84	84	-	
Office expenses			-	
Consultancy and projects	89	89	-	
Grants to third parties	272	272	-	
Total Expenditure	445	445	-	
Grant Income	(445)	(445)	-	
Total income	(445)	(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	Updated Forecast £000	Latest Budget £000	Variance £000	Variance %
Recharges (incl. Accountable Body)	42	42	-	
Office expenses	-	-	-	
Consultancy and projects	13	13	-	
Grants to third parties	-	-	-	
Total Expenditure	55	55	-	
Grant Income	(55)	(55)	-	
Total income	(55)	(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 was planned 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. The updated forecast reflects a slight change to this forecast to reflect that the role is no longer filled within the SELEP team following a resignation, enabling £10,000 to be available to support continuation of the service by Catalyst South.

There is also an opportunity of further funding with respect to this grant in 2022/23; once confirmed and received, the forecast position for this grant will be updated.

Table E: Local Digital Skills Partnership Catalyst Grant Expenditure Summary

Local Digital Skills Partnership Catalyst Grant	Updated Forecast £000	Latest Budget £000	Variance £000	Variance %
Recharges (incl. Accountable Body)	19.0	20.0	(1)	
Office expenses	-	-	-	
Consultancy and projects	-	-	-	
Grants to third parties	-	-	-	
Match fund to 3rd party	10.0	9.0	1	
Total Expenditure	29.0	29.0	-	
Grant Income	(29)	(29)	-	
Total income	(29)	(29)	-	
Net position	-	-	-	0.0%

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

Report title: SELEP Operations Update	
Report to Accountability Board	
Report author: Amy Ferraro – Governance Officer	
Meeting Date: 25 November 2022	For: Information
Enquiries to: amy.ferraro@southeastlep.com	
SELEP Partner Authority affected: Pan-LEP	

1. Purpose of Report

- 1.1. The purpose of this report is for the Accountability Board (the Board) to be updated on the operational activities carried out by the Secretariat to support both this Board and the Strategic Board. The report includes an update on risk management, compliance with the Assurance Framework and performance against governance KPIs.

2. Recommendations

- 2.1. The Board is asked to:

- 2.1.1. **Note** the update on Assurance Framework compliance monitoring and Governance KPIs at Appendices A and B; and
- 2.1.2. **Note** the changes to the Risk Register at Appendix C.

3. General Operations Update

- 3.1. We are continuing to co-operate with the Cities and Local Growth Unit's Deep Dive into East Sussex projects where the delivery partner is Sea Change Sussex, in line with our Assurance Framework.
- 3.2. We received the Core Grant Funding confirmation letter from the Department for Levelling Up, Housing and Communities on the 28 July, confirming £375,000 of funding for 2022/23. We submitted our application and have duly received the funding allocation; the SELEP revenue budget was updated at the Board meeting in July 2022 in anticipation of receipt of the funding and further details on the latest position are included within the Finance Update (agenda item 17).
- 3.3. A presentation was given to the October 2022 Strategic Board regarding SELEP activity for 2023/24 and beyond which can be found at Appendix D.
- 3.4. Requests for information from members of the public with regard to SELEP funded projects in East Sussex have continued. These requests are made in line with the Freedom of Information (FOI) Act or complaints procedures and are responded to accordingly.

4. SELEP Chair Recruitment

- 4.1. The current SELEP Chair finishes his final term at the end of February 2023. The Selection Panel agreed by the Strategic Board provided an update regarding the recruitment process at the October 2022 Strategic Board meeting.
- 4.2. The original advert was released with a closing date of November 2nd 2022, however the Panel have decided to extend the advert to November 13th 2022 to allow more time for further advertising across the geography.
- 4.3. The Panel will meet to shortlist the candidates before interview and selection in advance of the February 2023 Strategic Board meeting, when the Strategic Board will be asked to confirm the new Chair of South East LEP Ltd.
- 4.4. A further update will be provided at the December 2022 Strategic Board meeting.

5. Assurance Framework Monitoring

- 5.1. It is the role of the Board to oversee the implementation of the requirements of the SELEP Local Assurance Framework (LAF). To receive grant funding from central Government, SELEP must have in place a LAF which demonstrates full compliance with the National Assurance Framework, published by central Government in January 2019 and subject to periodic review.
- 5.2. An assessment has been made of compliance to the requirements of the current Assurance Framework. The following action is required:

Increasing gender diversity on the Strategic Board to 50/50 by January 2023	This has been indicated by Government as a target in the National Assurance Framework.
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- 5.3. The Private Sector Directors of the Strategic Board have already met this requirement (assuming that a female OSE representative is chosen as has been the case previously, see 5.6 below). The Public Sector Directors are currently all male, and as a result the current gender balance (excluding Co-Opted Directors as per Government's requirements and assuming a female OSE representative) is 35% female and 65% male.
- 5.4. It is important to recognise that diversity is not related only to gender balance, however this is an explicit Assurance Framework requirement. Outside of this, general diversity is also an important feature of a balanced Strategic Board.
- 5.5. The Co-Opted representative for Essex District Councils is currently a vacancy as the appointment was made on an interim 6 month basis, expiring at the end of June 2022. This post was expected to be filled for the October Strategic Board meeting but this has now been delayed to the December meeting to allow the decision to be taken at a meeting of the Essex Leaders and Chief Executives in November. The postholder's term will run to the end of March

2023, at which point all the Co-Opted Directors on the Strategic Board will be re-nominated.

- 5.6. There is currently a second vacancy on the Strategic Board for a representative of Opportunity South Essex due to the unforeseen resignation of the previous representative. This is expected to be filled in advance of the December 2022 Strategic Board meeting.
- 5.7. Two new Directors joined the Strategic Board for the first time in October 2022: Cllr Stephen George representing Southend-on-Sea City Council, and Lara Fox representing Success Essex.
- 5.8. There are ongoing actions that involve keeping deadlines relating to publishing or maintaining up-to-date information, which will continue to be reviewed. More detail can be found at Appendix A.

6. Key Performance Indicators

- 6.1. We are tracking a number of KPIs to ensure there is compliance with the governance requirements in the Assurance Framework. These can be found at Appendix B.
- 6.2. All KPIs are mostly delivering in line with targets. There has been significant improvement in Federated Board KPIs, particularly regarding Registers of Interest. The Secretariat will continue to communicate with Federated Boards to maintain compliance.

7. Risk Register

- 7.1. The receipt of the core funding for 2022/23 has reduced the financial risk for this year and has enabled funding to be retained in reserves for next year, however, the lack of confirmation of ongoing funding continues to be a risk for the future of the LEP. Please see Agenda Item 17 for more details on the financial position of the LEP.
- 7.2. The risk related to the workload and wellbeing of the Secretariat (risk number 9) continues to be rated as a high risk. Workloads remain high due to the decreased resource. The smaller team is less resilient in the case of long-term illness or resignations due to the lack of capacity/specialisation to provide cover.
- 7.3. The risk of non-achievement of Outcomes/Outputs of the Capital Programme (Risk 19) has decreased but is still classified as high risk. In October 2022, the Strategic Board discussed and partially agreed a new GBF prioritised project pipeline which has been used to support the reallocation of the currently available GBF funding. A decision with regard to the inclusion of Success Essex projects within the pipeline was subsequently taken via Electronic Procedure, allowing all funding decisions to be taken at this meeting. There is still an increasing risk of projects still in delivery (predominantly GBF projects) being unable to deliver the full scope of the outputs set out within their

approved Business Case due to significant cost increases which are impacting on the construction sector.

- 7.4. There is also a risk that, due to the impacts of the COVID-19 pandemic and Brexit, the forecast project outcomes will not be achieved or will be achieved over a longer time period than originally expected. The Capital Programme Team will be working with local partners to understand the impact on the realisation of forecast project outcomes and will re-profile these outcomes as required. The Board will receive updates on this process at future meetings.
- 7.5. It should also be noted that there is a risk that an inability to achieve the stated project outcomes will be masked by a lack of robust post scheme completion monitoring and evaluation. There are currently a large number of monitoring and evaluation reports outstanding, and without this information, it cannot be confirmed whether the projects are delivering in accordance with their agreed Business Cases. As delivery of the Capital Programme nears a conclusion, there will become an ever greater focus on securing the required monitoring and evaluation documentation to ensure that robust updates can be provided to the Board and to Central Government.
- 7.6. The risk of high levels of staff absences due to COVID-19 (risk 34) has been reassessed as medium as we approach the winter season and experts predict a rise in cases over the next few months. The Secretariat continues to work from home and staff are encouraged to be vaccinated. Further variants may occur and business continuity must be a priority of the Management Team on an ongoing basis.
- 7.7. Risk 46, rated as medium, is a reputational risk related to the increasing numbers of requests for information about projects and questions raised about the delivery of outputs and outcomes of some projects. SELEP and the Accountable Body continue to look at opportunities to improve the management of the Capital Programme and the presentation of information to the Board and the public.

8. Accountable Body Comments

- 8.1. It remains a requirement for SELEP to have an Assurance Framework in place that complies with the requirements of the National Local Growth Assurance Framework.
- 8.2. The purpose of the Assurance Framework is to ensure that SELEP has in place the necessary systems and processes to manage delegated funding from Central Government budgets effectively.
- 8.3. The S151 Officer of the Accountable Body is required to provide the following confirmation to Government on an annual basis:
 - 8.3.1. That all the necessary checks have been undertaken to ensure that the SELEP has in place the processes to ensure the proper administration of their financial affairs and that they are being properly administered; and

- 8.3.2. That the SELEP's Local Assurance Framework is compliant with the minimum standards as outlined in the *National Local Growth Assurance Framework* (2019).
- 8.4. This confirmation was provided to the Government, by the S151 Officer on the 24 February 2022.
- 8.5. The S151 Officer of the Accountable Body is required to ensure that their oversight of the proper administration of financial affairs within SELEP continues throughout the year.
- 8.6. In addition, the S151 Officer is required to provide an assurance statement to Government as part of the Annual Performance Review; this must include information about the main concerns and recommendations about the arrangements which need to be implemented in order for SELEP to be properly administered.
- 8.7. A number of risks to the future financial position of SELEP are noted in this report and considered further in the Finance update (agenda item 17).
- 8.8. The outcome of the Annual Performance Review 2021-22 confirmed an outcome of "met" with respect to Governance and Strategic Impact of the LEP; with regards to Delivery, however, concerns were identified due to delays in delivering some of the Getting Building Fund (GBF) projects, where a significant proportion of spend of the GBF by Local Partners is post March 2022. Due to GBF slippage from 2021/22, quarterly reporting of spend to Government will continue to be a requirement for 2022/23. Government have indicated that any future year Core Funding allocations (if confirmed) would be subject to achievement of agreed KPIs, including in relation to Programme Delivery – the KPIs will be developed with Government as part of the development of the 2023/24 delivery plan.

9. Financial Implications (Accountable Body comments)

- 9.1. The Core funding for £375,000 was received from Government in August 2022. This amount is reduced compared to prior years but as it wasn't anticipated when the revenue budget was set in November 2021, it has enabled the 2022/23 budget to be updated at the July 2022 Board meeting and provides additional options for delivery moving into 2023/24 as reflected in the Finance update (agenda item 17).
- 9.2. The current level of reserves is sufficient to support the SELEP budget for 2022/23 and into 2023/24.
- 9.3. Currently there remains no assurance from Government of grant funding beyond 2022/23 however the letter received from Government refers to the requirement for LEPs to submit draft delivery plans for 2023/24 by 25 November 2022. These would be subject to agreement by Government and would be subject to meeting agreed delivery and performance metrics.

9.4. Essex County Council, as the Accountable Body for the SELEP, is only able to meet funding commitments made by the SELEP, where it is in receipt of sufficient funding to do so and any spend is in line with the requirements of the Local Assurance Framework and any conditions associated with individual funding allocations.

10. Legal Implications (Accountable Body comments)

10.1. There are no significant legal implications arising out of this report.

11. List of Appendices

11.1. Appendix A – Assurance Framework Monitoring

11.2. Appendix B - Governance and Transparency KPIs

11.3. Appendix C – Extract from Risk Register

11.4. Appendix D – Plan for 2023/24 and beyond

12. List of Background Papers

12.1. None

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

Role	Date
Accountable Body sign off Michael Neumann (On behalf of Nicole Wood, S151 Officer, Essex County Council)	16/11/22



SOUTH EAST
LOCAL ENTERPRISE
PARTNERSHIP

ASSURANCE FRAMEWORK MONITORING

Updated November 2022

ONGOING ACTIONS

INCORPORATION

Requirement	Status
Maintain the records at Companies House and fulfil all legal requirements	COMPLETE/ONGOING (supported by the Accountable Body)

BOARD COMPOSITION

Requirement	Status
To improve the gender balance and representation of those with protected characteristics on the Board.	ONGOING

DECLARING INTERESTS

Requirement	Status
To publish all Registers of Interest on the SELEP website for all Strategic Board, Accountability Board and Federated Board members, with signatures redacted.	Federated Boards Registers of Interest are generally in place and up to date with the exception of some Local Authority seats in KMEP which will be resolved by Federated Board officers. Decision-making Boards (SELEP Strategic and Accountability Board) are all published and up to date.
Declarations of interest must be noted at the outset of each meeting.	COMPLETE/ONGOING
All members of the Strategic Board, Accountability Board and Federated Boards are required to complete a Register of Interests form.	COMPLETE/ONGOING
All senior members of staff or staff involved in advising on decisions must also have a valid register of interests, reviewed the same as for board members.	COMPLETE/ONGOING

CAPITAL PROJECTS

Requirement	Status
To use the SELEP Business Case Template for all strategic outline business cases.	COMPLETE/ONGOING
To inform the Accountability Board where there are concerns around a project, including presenting the Board with legal options around recovering funding	COMPLETE/ONGOING
Implementing the monitoring and evaluation of projects including reporting on delivery of outputs and outcomes against the delivery of the ESS/Recovery and Renewal Strategy	ONGOING

POLICIES AND PROCEDURES

Requirement	Status
For each Federated Board to apply the prioritisation process as approved by the Strategic Board.	COMPLETE/ONGOING
To have a delivery plan in place for the year.	COMPLETE/ONGOING
To create and maintain a log of SELEP engagement activities.	COMPLETE/ONGOING
To hold Annual General Meetings open to the public to attend	COMPLETE/ONGOING
To collaborate across boundaries, with other LEPs and the LEP network, and be open to peer review	COMPLETE/ONGOING
Review of Assurance Framework to be a standing item on the last Strategic Board meeting of each calendar year.	COMPLETE/ONGOING
To ensure that all policies are refreshed annually according to the requirements in the Assurance Framework.	COMPLETE/ONGOING

ACCOUNTABLE BODY

Requirement	Status
The Secretariat to extend invitations to the Section 151 Officer or representative for all board meetings.	COMPLETE/ONGOING
The Secretariat should ensure that Business Case Templates include a section for assurance from the Section 151 Officer of the promoting authority that the value for money statement is true and accurate.	COMPLETE/ONGOING
For the Section 151 officer or their representative to review and comment on all board papers in advance of publication	COMPLETE/ONGOING

PUBLISHING INFORMATION

Requirement	Status
To publish Strategic and Accountability Board papers to agreed timescales	COMPLETE/ONGOING
To publish the Local Assurance Framework on the website	COMPLETE
To create, maintain and publish a register of all board member expenses and hospitality costs.	COMPLETE/ONGOING
To publish the Gate 2 outline business case at least one month in advance of Accountability Board meetings.	COMPLETE/ONGOING
To publish the Gate 4 and 5 full business cases for relevant projects at least one month in advance of Accountability Board meetings.	COMPLETE/ONGOING
To publish information around the process for applying for funding on the SELEP website, as agreed by the Strategic Board.	COMPLETE/ONGOING
To publish on the SELEP website a rolling schedule of projects, outlining a brief description of the project, names of key recipients of funds/contracts and amounts of funding designated by year.	COMPLETE/ONGOING
To publish on the SELEP website the Terms of Reference, calendar of dates and papers of the Working Groups.	COMPLETE/ONGOING
To use Government and SELEP branding on all marketing.	COMPLETE/ONGOING
To publish all key decisions of the Strategic and Accountability Boards on the Forward Plan, SELEP website and upper tier authority websites.	COMPLETE/ONGOING

Appendix B - Governance Key Performance Indicators

Forward Plan of Decisions

Is the Forward Plan of Decisions, including any associated business cases, published at least 28 days in advance of the Accountability Board meeting?

Meeting date	Met (Y/N)?
19/11/21	Y
11/02/22	Y
27/05/22	Y
15/07/22	Y
23/09/22	Y
25/11/22	Y

Publication of Papers

Are all papers published 5 clear working days in advance of the meeting?

Board	Meeting date	Met (Y/N)?	Meeting date	Met (Y/N)?	Meeting date	Met (Y/N)?	Meeting date	Met (Y/N)?
Accountability Board	11/02/22	Y	27/05/22	Y	15/07/22	Y	23/09/22	Y
Strategic Board	18/03/22	Y			24/06/22	Y	21/10/22	Y
SE	14/03/22				06/06/22	Y		
KMEP	28/03/22	Y			14/06/22	Y	20/09/22	Y
OSE	09/03/22	N						
TES	14/03/22	Y	03/05/22		20/06/22	Y	17/10/22	Y

Draft Minutes

Are all draft minutes published within 10 clear working days following the meeting?

Board	Meeting date	Met (Y/N)?	Meeting date	Met (Y/N)?	Meeting date	Met (Y/N)?	Meeting date	Met (Y/N)?
Accountability Board	11/02/22	Y	27/05/22	Y	15/07/22	Y	23/09/22	Y
Strategic Board	18/03/22	N			24/06/22	Y	21/10/22	Y
SE					06/06/22	Y		
KMEP	28/03/22	Y			14/06/22	N	20/09/22	Y
OSE	09/03/22	N						
TES	14/03/22	Y	03/05/22	Y	20/06/22	Y	17/10/22	Y

Final Minutes

Are final minutes published within 10 clear working days following approval?

Board	Meeting date	Met (Y/N)?	Meeting date	Met (Y/N)?	Meeting date	Met (Y/N)?	Meeting date	Met (Y/N)?
Accountability Board	19/11/21	Y	11/02/22	Y	27/05/22	Y	15/07/22	Y
Strategic Board	10/12/21	Y	18/03/22	Y			24/06/22	Y
SE	06/12/21	N					06/06/22	Y
KMEP	25/11/21	N	28/03/22	N			14/06/22	N
OSE	01/12/21	Y	09/03/22	N				
TES	6/12/21	Y	14/03/22	Y	03/05/22	Y	20/06/22	Y

Registers of Interest- Board Members

Are registers of interests in place for all board members?

Board	Comments
Accountability Board	All complete and up to date
Strategic Board	All complete and up to date
SE	All complete and up to date
KMEP	All complete and up to date
OSE	All complete and up to date
TES	All complete and up to date

Registers of Interest - Officers

Are registers of interest in place for all officers?

Category	Percentage completed
SELEP Secretariat	100%
Accountable Body	100%
Federated Board Lead Officers	Some now out of date, in process of updating.

Declarations of interests in meetings

Are all interests declared and recorded in the meetings as a standing item with a note of any actions taken?

Board	Met (Y/N)?
Accountability Board	Y
Strategic Board	Y
Investment Panel	Y
SE	Y
KMEP	Y
OSE	Y
TES	Y

Business Case Endorsement

Have all new and amended projects/business cases been endorsed by the respective Federated Board in advance of submission to any of the SELEP boards?

Board	Met (Y/N)?	Comments
LGF	Y	Through prioritisation process for LGF3b
GPF	Y	Through prioritisation process
SSF	Y	Applications are considered by Federated Boards in advance of being brought forward for Strategic Board endorsement.

Publication of Business Cases

Are all business cases published 1 month in advance of funding decisions at Accountability Board meetings?

Meeting date	Met (Y/N)?
27/05/22	Y
15/07/22	Y
23/09/22	Y
25/11/22	Y

Date	Percentage of female board members (excluding co-opted)
24/05/19	18%
05/08/19	21%
28/01/20	25%
16/04/20	35%
01/02/21	35%
10/06/21	35%
22/10/21	35%
18/05/22	35%
04/11/22	32% (vacancy)

South East LEP**Risk Register - medium and high risks only**

Ref	Risk Title and overview	Likelihood	Impact	Score	Rank	Description	Mitigation	Risk Owner	Dates/Deadlines
Risks Related to the Team/Service Delivery									
9	Workload/Team wellbeing Risk	4	5	20	High	The Levelling Up White Paper has been published, establishing a role for LEPs going forward which has increased morale, however, more details around the activities of the LEP need to be solidified. The implications of a reduced team have been communicated to the Board and workload planning for next year is on the basis of available resource.	Planning for 2022/23 is being made on the basis of the resource available and communications to Boards and key stakeholders are being made setting out those activities that can no longer be managed. Priority areas of work are set out in the Delivery Plan 2022/23 which was adopted by the Strategic Board in June 2022. The CEO is working closely with the management team and Accountable Body to pick up the work previously undertaken by the COO.	All Man Team	Ongoing
10	Recruitment and Retention of Board Members Risk	3	5	15	Med	The Chair, Deputy Chair and private sector Board members have been reappointed for this financial year. This risk has reduced in the near term, but the risk still exists for the period beyond March 2023, especially if there are significant changes to the priorities and activities of SELEP that may affect public and private sector engagement.	Clear communication and engagement with public and private stakeholders to improve retention. Recruitment activities have commenced to appoint a new Chair from March 2023.	CEO	31/03/2023
34	COVID-19 - Secretariat Risk	4	4	16	Med	Risk that the operations and activities of the Secretariat are impacted by members of the team being unwell and unable to work. It seems likely that further waves of variants could impact on staffing levels in the future.	Remote working for the Secretariat is continuing for the foreseeable future. Team members have been encouraged to get vaccinated. Management Team to consider business continuity issues on a regular basis and ensure that safeguards on priority activities are put into place as far as possible	All Man Team	Ongoing
35	COVID-19- Board Risk	3	4	12	Med	Risk that business cannot be conducted at Board meetings because insufficient Board Members are available to meet quorate requirements. Whilst Strategic Board can meet virtually and virtual meetings are now well established, Accountability Board must meet in person to be able to take decisions. A hybrid approach has been set up but the quorum for Accountability Board is small as a result of the limited numbers of voting members. If Accountability Board voting members do have to self isolate, there is limited resilience on the quorum.	The Secretariat will work with Accountability Board members and their supporting officers to identify potential deputies for the meetings and ensure that DoI etc are in place and up to date for short notice replacements.	CEO	Ongoing
47	Risk to service delivery from lack of engagement by stakeholders	3	4	12	Med	As a direct result of the delays to publication of the outcomes of the widely publicised LEP Review there has been an appreciable move away from the LEP by some key stakeholders. Whilst this is understandable given the uncertainties, now there is an established ongoing role for LEPs then the rebuilding of relationships with stakeholders will be prioritised.	The CEO is overseeing a programme of re-engagement with stakeholders based on the agreed role for the SELEP	CEO	Ongoing

Risk Register - medium and high risks only

Ref	Risk Title and overview	Likelihood	Impact	Score	Rank	Description	Mitigation	Risk Owner	Dates/Deadlines
Risks Related to Outcomes/Outputs of Programmes									
19	Non achievement of Outcomes/Outputs of the Capital Programme	4	5	20	High	Given the ongoing impacts of the COVID-19 pandemic and Brexit on the economy, there is a risk that the outputs, outcomes and impacts stated in the approved Business Cases for the LGF, GBF and GPF projects may not be fully realised. Economic recovery will not be uniform across all sectors and therefore some projects may be more significantly impacted than others and this will be managed within the normal risk management of the relevant funding streams. The delivery of outputs from projects which are still in the delivery phase are most likely to be impacted due to increasing materials and labour costs and high inflation levels. This risk is further exacerbated by a lack of robust post-scheme completion monitoring and evaluation, which may mean that non-delivery of expected outcomes and impacts is occurring without being identified.	The capital programme continues to be closely monitored and the team work closely with delivery partners. The team is also providing regular updates to HMG. Award of available GBF funding to existing GBF projects will help to mitigate the risk to realisation of expected project outputs. All known changes to GBF outcomes and outputs have been approved by CLGU. An exercise to rebase the outcomes of the programme will be undertaken this financial year. Further work on the robustness of monitoring and evaluation data is required during 2022/23. Quality of information provided from delivery organisations will need to improve.	H Dyer	Ongoing
29	Uncertainty in application of LGF grant awarded to Hadlow College	5	4	20	High	£11m of LGF funding across 4 projects has been awarded to Hadlow College which entered into Education Administration in 2019. It is currently unclear whether the outputs and outcomes related to this funding will be delivered. Whilst the educational activities have resumed at the college, the grant agreements have not transferred to the new providers and therefore SELEP may be unable to recoup any monies that were not applied in line with the agreement. The Secretariat and the Accountable Body have responded to queries from the Education Administrators, BDO. There is a potential risk that monies weren't utilised in line with the grant agreement in place between the Accountable Body, on behalf of SELEP, and the college. If grant monies weren't correctly utilised, the outputs and outcomes in the Business Case will not be delivered or not delivered in full.	The Secretariat and the Accountable Body are in contact with BDO but the administration process is lengthy. Creditors have been raised with the administrators by the Accountable Body with respect to the investments made. We have made the then MHCLG (LGF awarding body) aware of the position and responded to their queries in this respect. Consideration has been given, and an update provided to the Board, as to what protections can be put into place to prevent this situation occurring in future, recognising that any action needs to be proportionate and balance the risk against the resource impact.	CEO	Ongoing
40	Getting Building Fund Risk - programme delivery	4	3	12	Med	At the outset of the GBF programme, Government indicated that all funding had to be spent by 31 March 2022 and that all projects had to be substantially delivered by that date. In reality, this couldn't be achieved and a process was agreed by the Board to allow projects to retain their GBF funding beyond March 2022 for a limited period of time. This still required projects to work to tight timescales for both project delivery and spend of funding. A number of projects have now sought approval for retention of their GBF funding for a longer time period. In line with latest Government guidance, no projects will receive approval for extensions beyond 31 March 2023. There is a significant reputational risk should SELEP not be able to deliver the full programme by 31 March 2023.	Programme slippage is being managed by both Accountability and Strategic Board. An agreed process has been introduced to manage delays to GBF projects, similar to that used on the LGF. The programme is being actively managed with funding being reallocated to other projects if existing projects are unable to deliver in accordance with the required timescales. Retention of GBF funding beyond March 2022 has been agreed in relation to a number of projects and there is a mechanism in place for ensuring that all GBF funding is spent by 31 March 2023 at the latest, in line with advice from Central Government.	H Dyer	31/03/2023

Risk Register - medium and high risks only

Ref	Risk Title and overview	Likelihood	Impact	Score	Rank	Description	Mitigation	Risk Owner	Dates/Deadlines
Risks Related to Funding/Financial Position									
12	GPF Project Repayments	4	4	16	Med	Any risks to repayment of the existing GPF loans have been flagged to the Board and there are ongoing discussions between the Capital Programme Team and the loan recipients'. Whilst these risks have been taken into account when planning, there is an increasing risk with regards to repayment due to one project having defaulted on their agreed loan repayment, with no alternative repayment schedule provided for Board consideration to date.	The Capital Programme Team are working with project leads to understand where GPF repayments are at risk. Future rounds of the GPF are currently held and assumptions about future repayments will be downgraded to take into account additional risks to avoid over-profiling of the GPF.	H Dyer	Ongoing
15	Misadministration of grants	3	4	12	Med	Grants issued by HMG can potentially be clawed-back by HMG if SELEP cannot demonstrate that they have been used in line with the conditions and restrictions set at the time of award by the grant awarding body. Back to back agreements are in place but should HMG claw back we would be required to pay immediately whilst legal action to claw back from the recipient of the grant could take some time. The number and value of grants is decreasing so the likelihood of this risk occurring has been reduced.	Back to back agreements are in place and the Accountable Body provides advice on the correct application of grants by SELEP. A full review of the capital programme and assessment of the application of grant funding, including site visits to completed projects, is planned for 2022/23 and early 2023/24. Consideration will be given as to how oversight of the application of grants can be structured and in a virtual manner if necessary. Each Management Team member who has grant funded activity takes responsibility for ensuring that grant conditions are understood and met	All Man Team	Ongoing
38	Future viability of the operational budget	5	5	25	High	A balanced budget for 2022/23 has been set and a reduced core and growth hub budget has been announced for 2022/23. Although this increases certainty going forward, the significant reduction will affect the resources and activities of both the secretariat and growth hubs. This risk is high as there is no confirmation of any funding beyond 2022/23.	The SELEP secretariat is aware of the financial circumstances and budget pressure and will continue to be appraised formally. At the appropriate point in the 2023/24 financial year, steps will be taken to ensure that SELEP can operate within budget from 1st April 2024. Conversations with partners in respect of new arrangements will continue and will be reflected to staff as appropriate.	CEO	Ongoing
43	LEP Review - insufficient future funding to support operations and/or interventions	5	5	25	High	HMG has made clear that, at least in the short term, no further capital investment monies will be awarded to LEPs. This will severely impact not only our ability to deliver interventions as set out in our Recovery and Renewal Plan but also will restrict the level of influence we can have in the region. This also further restricts our ability to support the operations of the Secretariat as no interest can be earned and there is no opportunity to charge administration fees for the management of capital schemes.	Discussions with Catalyst South have confirmed this is the case across the wider region and is likely to be true for the entire LEP community.	CEO	31/03/2023

Risk Register - medium and high risks only

Ref	Risk Title and overview	Likelihood	Impact	Score	Rank	Description	Mitigation	Risk Owner	Dates/Deadlines
Risks Related to Service Design and Reputation									
46	Risk of damage to SELEP reputation from delays or non-delivery of projects or perception thereof	3	4	12	Med	There has been an increasing number of requests for information and assurances concerning a number of projects which are being or have been delivered in East Sussex. Whilst responses to these requests are being provided in accordance with statutory requirements or internal policy (as applicable), there is a risk that the reputation of the LEP will be impacted if continued requests are received against a background of perceived lack of transparency.	Responses to requests for information and public questions will continue to be answered fully and in compliance with statutory and internal policy. Linking to risk 19, improvements to the quality of output and outcome data reporting are required and will be worked on during 2022/23. An internal review is underway to ensure that SELEP policies and procedures have been fully complied with, and opportunities to improve the management of the Capital Programme and the presentation of the information to the Board and the public are being sought. Most importantly, compliance with the National Assurance Framework, Local Assurance Framework, local policy and other applicable regulations must continue, not just by SELEP but by all delivery partners. All delivery partners and third party recipients of funding will be referred to their contractual obligations in responding to requests for information in a timely, open and transparent manner. SELEP and the Accountable Body will take action where it can be evidenced that requirements of the SLA are not being met.	CEO	Ongoing



SOUTH EAST
LOCAL ENTERPRISE
PARTNERSHIP

South East LEP *2023/24 and beyond*

- Levelling Up White Paper positively acknowledged the role and impact of LEPs
- The letter subsequently received on 31 March indicated the role that LEPs should play to support implementation of new devolution arrangements
 - Embed a strong business voice in local institutions
 - Undertake strategic economic planning
 - Deliver functions on behalf of Government departments (including Growth Hub)

Short term secured

- We await further guidance from Government on their expectations for 23/24. Delivery Plan was due in late November but this deadline is likely to change
- SELEP's existing funding will support the team's reduced operation until March 2024
- Growth Hub funding runs only until March 2023

- LEP Network are actively seeking two-year settlement for LEPs in areas which have not been prioritised for an early devolution transition
- Some areas are currently transitioning, others recognise that new devolution mechanisms are years away and are planning for longer term. One LEP has £4m+ in revenue reserves
- Some LEPs are pursuing consultancy-style revenue raising activities to support their operation

When is change needed?

- There is a tendency to 'jump to structure' and assume that institutional change is the answer
- Continuance is important at the moment. Solutions like the Growth Hub are a vital support to business
- Until SELEP is invited to take part in discussions around implementing the White Paper, we should maintain our joined up working and ensure that representing the voice of business is our key driver

Action	Impact
<ul style="list-style-type: none"> ✓ Production and publication of quarterly key indicator data packs to provide a shared understanding of the data and intelligence that support regional strategic priorities 	<ul style="list-style-type: none"> ✓ Utilised by SELEP and partners to inform planning and monitor key economic metrics
<ul style="list-style-type: none"> ✓ Production and publication of topical reports to provides a shared deeper understanding of key topics/issues 	<ul style="list-style-type: none"> ✓ Reports such as South East Levelling Up Index, Coastal Community Health, Creative High Streets have been utilised to inform policy, decision making and action
<ul style="list-style-type: none"> ✓ Provision of data and evidence to support investment decisions and funding applications 	<ul style="list-style-type: none"> ✓ SELEP support for South East consortium to bid for the DCMS £18m Create Growth fund for creative businesses
<ul style="list-style-type: none"> ✓ Publication of the SAP Skills Report, refreshed evidence base and support to LSIPs, as required by DfE, to deliver a comprehensive understanding of labour market & skills needs 	<ul style="list-style-type: none"> ✓ Utilised by the education and skills sector, LAs, LSIPs, as well as strategic developments e.g. major projects, to inform planning, spend and activity

Communicating, collaborating and convening the business voice

Action	Impact
<ul style="list-style-type: none"> ✓ Progressing South East Major Projects Group discussions on collaboration for supply chain development and decarbonisation 	<ul style="list-style-type: none"> ✓ Launch of the MPG Supply Chain Community Platform ✓ Agreement to explore common approaches to procurement, measurement and skills for decarbonisation
<ul style="list-style-type: none"> ✓ Revitalisation of the SELEP Skills Advisory Panel to drive regional activity and support local skills priorities 	<ul style="list-style-type: none"> ✓ A focus on deeper understanding of sector skills needs to support and target regional activity and provide added value to LSIPs. ✓ LSIP leads represented on SAP
<ul style="list-style-type: none"> ✓ Continued work to accelerate housing delivery across the region and influence policy through the Housing and Development Group 	<ul style="list-style-type: none"> ✓ Exceeded housing target set for March 2021 with 110,100 net new homes ✓ Regular engagement with Whitehall departments and Ministers
<ul style="list-style-type: none"> ✓ Continued close working with Lower Thames Crossing via MPG, LTC Working Groups and on specific strands of work 	<ul style="list-style-type: none"> ✓ Informing the LTC now published skills and employment strategy, benefits planning and consultations



Action	Impact
✓ Delivering/administering the capital programme	✓ Delivery of a £700m programme
✓ Delivery and evaluation of the COVID-19 Recovery Fund programme	<ul style="list-style-type: none"> ✓ 1139 business supported; 271 business support and economy grants totalling £594k ✓ 1100 enrolments to skills programmes; 190 trained and into jobs; 236 further trained
✓ Delivery of the Growth Hub business support service	✓ 831 businesses supported through 1,459 interactions in the last quarter; continued impact of a unique model
✓ Publication of the South East Major Projects Group action plan for skills and employment	<ul style="list-style-type: none"> ✓ Agreed commitment to work together and with the sector to support local employment ✓ Priority to undertake research and develop a solutions proposal to address our technical tutor shortage
✓ Supporting the development of Freeport East	✓ Providing extensive economic analysis and modelling support for the FBC and responding to Government queries
✓ Supporting the development of Thames Freeport	✓ Informing the development of the Freeports skills strategy and plan

- Exploring Coastal Inward Investment activities
- Voice of business - 'This is the South East Economy' state of the region report
- Next round of Growing Places Fund
- Furthering the work of the MPG on skills, decarbonisation and supply chain
- Further developing the Strategy Network to support planning and stimulation of new regional investment



SOUTH EAST LOCAL ENTERPRISE PARTNERSHIP