



SOUTH EAST  
LOCAL ENTERPRISE  
PARTNERSHIP

# STRATEGIC BOARD AGENDA PACK

**Friday 21st October 2022**  
Zoom Video Conference



## Agenda

<b>Item 1</b>	10:00	<b>Welcome</b>	Sarah Dance	
<b>Item 2</b>	10:05	<b>Minutes from June 2022 meeting</b> <b>Declarations of Interest</b> <b>Matters arising:</b> <ul style="list-style-type: none"><li>• Welcome to new Directors—Cllr George and Lara Fox</li><li>• Freeport East update</li><li>• Report back on AGM</li><li>• Board composition</li></ul>	Sarah Dance and Adam Bryan	Pg. 3
<b>Item 3</b>	10:15	• Creation of GBF Prioritised Project Pipeline	Helen Dyer	Pg. 6
<b>Item 4</b>	10:35	• Planning for 23/24 and beyond	Adam Bryan	
<b>Item 5</b>	10:55	• SELEP & Housing Delivery: Presentation	Liz Gibney & Brian Horton	Pg. 24
<b>Item 6</b>	11:25	• SSF Project Update	Adam Bryan	Pg. 26
<b>Item 7</b>	11:30	• Capital Programme Update	Helen Dyer	Pg. 32
<b>Item 8</b>	11:40	• Chair Recruitment Update	Liz Gibney, Cllr Glazier & Jeremy Kerswell	Pg. 49
<b>Item 9</b>	11:45	• Appointment of Directors	Amy Ferraro	Pg. 50
<b>Item 10</b>	11:50	• Statement of Accounts	Lorna Norris	Pg. 52
	12:00	<b>AOB &amp; Close</b>		

**Future Strategic Board meeting dates:**  
9<sup>th</sup> December *in Ashford*, 10<sup>th</sup> February

## Minutes of Strategic Board: 24<sup>th</sup> June 2022

### Attendees

Chris Brodie	Chair
Sarah Dance	Deputy Chair
Adam Bryan	CEO
Ana Christie	Team East Sussex
Carol Ford	Kent and Medway Economic Partnership
Carole Barron	Higher Education Representative
Claire Lewis	Success Essex
Clive Soper	Team East Sussex
Cllr Alan Jarrett	Medway Council
Cllr Lesley Wagland	Essex County Council
Cllr Mark Coxshall	Thurrock Council
Cllr Roger Gough	Kent County Council
Cllr Rupert Simmons	East Sussex County Council
David Rayner	Success Essex
Graham Peters	Team East Sussex
Jeremy Kerswell	Further Education Representative
Jo James	Kent and Medway Economic Partnership
Liz Gibney	Kent and Medway Economic Partnership
Penny Shimmin	Social Enterprise Representative
Perry Glading	Opportunity South Essex
Vince Lucas	Kent and Medway Economic Partnership

Apologies: Cllr Kevin Bentley (substituted by Cllr Lesley Wagland), Cllr Keith Glazier (substituted by Cllr Rupert Simmons), Prof Karen Cox (substituted by Carole Barron), Cllr Stephen George, Cllr Graham Butland, Matthew Arnold

### Other attendees:

Alex Riley	SELEP Secretariat	Lorna Norris	Essex County Council
Amy Bernardo	Essex County Council	Louise Aitken	SELEP Secretariat
Amy Ferraro	SELEP Secretariat	Michael Neumann	Essex County Council
Brian Horton	SELEP Secretariat	Nicholas Brown	Southend City Council
Dave Evans	East Sussex County Council	Nick Fenton	Kent Developers Group
Ellie Clow	SELEP Secretariat	Paul Chapman	Essex County Council
Emma Lindsell	Southend Borough Council	Richard Dawson	East Sussex County Council
Helen Dyer	SELEP Secretariat	Sarah Nurden	KMEP
Helen Russell	SELEP Secretariat	Sharon Spicer	SELEP Secretariat
Howard Davies	SELEP Secretariat	Stephanie Ennis	Essex Legal Services
Ian Lewis	Opportunity South Essex	Stephanie Holt-Castle	Kent County Council
Iwona Bainbridge	SELEP Secretariat	Vivien Prigg	SELEP Secretariat
Jo Simmons	SELEP Secretariat		

*This meeting was held as a video conference and a recording can be found [by clicking here](#); the timestamp of the start of the discussion for each item is indicated in brackets.*

**Item 1: Welcome and introduction**

- 1.1. Chris Brodie welcomed the Board to the meeting and asked members to introduce themselves individually.

**Item 2: Minutes of last meeting, declarations of interest, matters arising (6'20" timestamp on video)**

- 2.1. The Board agreed the minutes of the last meeting as an accurate record.
- 2.2. Adam Bryan updated the Board regarding the Annual Performance Review.
- 2.3. Adam Bryan provided an update regarding SELEP's continued cooperation with CLGU's deep dive into projects delivered by Sea Change Sussex.
- 2.4. Sarah Dance, as Chair of the Accountability Board, reiterated her commitment to transparency regarding the deep dive.
- 2.5. Sarah Dance proposed the new Jasmin Vardimon Company facility in Ashford (partly SELEP funded) as a venue for the 9 December meeting. Meeting plans will be made on this basis. The October meeting will be on Zoom.

**Item 3: Plans for 22/23 and Beyond (12'50")**

- 3.1. Adam Bryan and Sharon Spicer presented to the Board.
- 3.2. Adam Bryan will respond to comments made by Board members in writing following the meeting.
- 3.3. The Board agreed to adopt the 2022/23 Delivery Plan.

**Item 4: Chairs Recruitment (1h6'24")**

*Chris Brodie and Sarah Dance both left the meeting for this item.*

- 4.1. Adam Bryan presented to the Board.
- 4.2. The Board agreed to begin the recruitment process for the Chair and to form a selection panel with delegated responsibilities as detailed in the report.
- 4.3. The Board agreed that no allowances will be paid for the role of Chair and Deputy Chair once the current terms of office have expired. This will apply to any extension of term that might be offered to the Deputy Chair.

*Chris Brodie and Sarah Dance rejoined the meeting.*

**Item 5: Capital Programme Update (1h11'20")**

- 5.1. Helen Dyer presented to the Board.
- 5.2. The Board agreed in principle the proposed approach for the development of a new GBF prioritised project pipeline, subject to further clarification on the finer details of the proposal and the application criteria being sought through electronic procedure.
- 5.3. The Board agreed GBF spend beyond March 2022 for the Swan Modular Housing Factory, Basildon project.

**Item 6: Housing Update**

- 6.1. This item was postponed to the next meeting due to time constraints.

**Item 7: Growth Hub Update (1h56'10")**

- 7.1. Jo Simmons presented to the Board.

- 7.2. Jo James declared an interest as the CEO of Kent Invicta Chambers who deliver the Growth Hub in Kent and Medway.
- 7.3. The Board agreed draft Schedules 1 and 3 which will constitute the Growth Hub delivery model for 2022/23.
- 7.4. The Board agreed to delegate to the SELEP CEO any subsequent minor changes to the schedules to reflect any feedback from BEIS or the Section 151 Officer of the Accountable Body.

**Item 8: Policy Updates (2h9'57")**

- 8.1. Amy Ferraro presented to the Board.
- 8.2. The Board agreed the change to the Assurance Framework as detailed in the report.
- 8.3. The Board agreed the change to the Conflict of Interest Policy as detailed in the report.

**Item 9: AOB & Close**

Chris Brodie closed the meeting.

## Item 3: Creation of GBF Prioritised Project Pipeline

### Executive Summary

#### 1. Overview

- 1.1. The Strategic Board (the Board) is asked to consider and agree a prioritised project pipeline for the Getting Building Fund (GBF). In accordance with the process agreed via electronic procedure on 5 August 2022, the GBF pipeline consists of current GBF projects which are now experiencing a funding gap due to the impacts of the COVID-19 pandemic, Brexit and/or current high inflation levels and existing GBF projects which are seeking additional funding to bring forward further phases of the project.
- 1.2. The purpose of the pipeline is to enable timely and appropriate award of the GBF funding currently available and any further funding which becomes available at future 2022/23 Accountability Board meetings.

#### 2. Decisions: Board is recommended to:

- 2.1. **Agree** a prioritised GBF project pipeline (an indicative pipeline is set out in Table 1) and the associated conditions as set out in Table 3.
- 2.2. **Agree** GBF spend beyond the 31 March 2022, as applicable for projects listed in Table 4, for those projects which have been prioritised for additional GBF funding. If project completion dates are delayed by more than 6 months, the Board will be asked to confirm its continued support for the project.

#### 3. Rationale for Decisions

- 3.1. A GBF prioritised project pipeline was agreed by the Board in March 2021. However, as indicated at the last Board meeting, following the award of funding to 5 new GBF projects in February 2022 and the withdrawal of the Braintree Active Travel project, the pipeline has been exhausted.
- 3.2. There is currently an unallocated GBF balance of £3.3175m, which has been returned to Essex County Council (as Accountable Body for SELEP) following the removal of the Riding Sunbeams Solar Railways and Laindon Place projects from the GBF programme. In addition, there are a number of GBF projects which are facing challenges to delivery and which, if unable to deliver, will be required to return their GBF funding for reallocation.
- 3.3. There is a clear expectation from Central Government that the GBF funding must be spent in full by 31 March 2023 at the latest. Therefore, should there be unallocated or unspent funding at the end of this financial year, this would represent a significant reputational risk for both SELEP and the Upper Tier Local Authorities responsible for delivery of the remaining projects. It is therefore imperative that a new GBF project pipeline is established.
- 3.4. At the outset of the GBF programme, Central Government indicated that the funding should be awarded to shovel-ready projects which could be delivered by 31 March 2022. This was a key consideration when the Board agreed the prioritisation of the GBF project submissions and led the Accountability Board to carefully consider any risks to project delivery when taking the final funding decisions.
- 3.5. Subsequently, it was indicated by local partners that a number of GBF projects would be unable to

fully spend their GBF allocations by 31 March 2022 due to the occurrence of unforeseen complications or delays during project delivery. As a result, the Accountability Board agreed that GBF funding could be retained against projects beyond 31 March 2022 in exceptional circumstances, subject to compliance with a number of conditions and criteria.

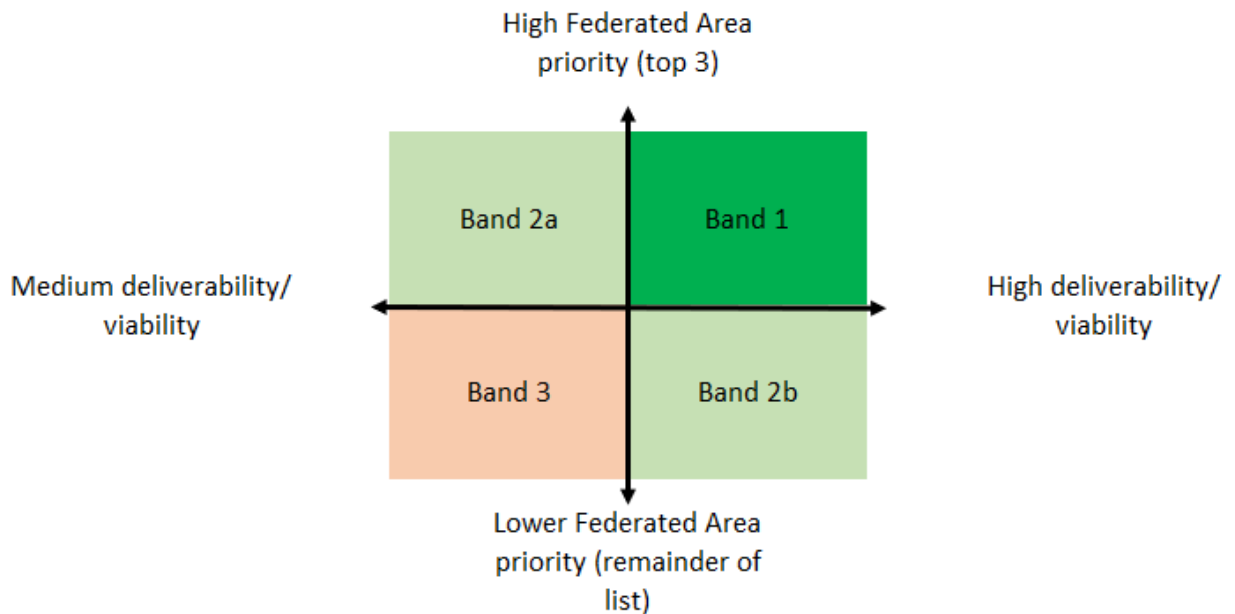
- 3.6. All projects which are prioritised for award of the currently unallocated GBF funding will require approval for retention of their GBF funding allocation beyond 31 March 2022. The conditions and criteria agreed by the Accountability Board specify that endorsement is required from the Board. In order to accelerate the approval process, allowing funding to be issued more quickly to local partners to support project delivery, the Board are asked to endorse GBF spend beyond March 2022 on the projects prioritised for award of funding at this meeting.

## Further Information

### 4. Decision 1: Agree a prioritised GBF project pipeline

- 4.1. As agreed by the Board in August 2022, through electronic procedure, applications for additional GBF funding were invited from:
  - 4.1.1. Existing GBF projects which have experienced a cost increase due to the impacts of the COVID-19 pandemic and Brexit or due to the current high inflation levels; and
  - 4.1.2. Existing GBF projects seeking to extend the original project i.e. to support further phases of existing projects.
- 4.2. Following review and prioritisation by the Federated Boards, SELEP received applications from 16 projects, seeking total additional GBF investment of £7.48m.
- 4.3. Following the removal of the Riding Sunbeams Solar Railways and Laindon Place projects from the GBF programme, and in the absence of an existing GBF project pipeline, there is an unallocated balance of £3.3175m. There are also a number of ongoing GBF projects which continue to be closely monitored. Should any of these projects be unable to deliver in accordance with their approved Business Case, there may be a requirement to return part or all of the agreed GBF allocation.
- 4.4. The approach to prioritisation seeks to reflect both the Federated Board prioritisation of the projects and any identified deliverability or value for money risks identified through assessment of the submitted applications and new Business Cases.
- 4.5. In accordance with the process agreed by the Board, the projects have been divided into 4 bands – Band 1, 2a, 2b and 3 based on their Federated Area prioritisation and an assessment of their current deliverability (Figure 1). The assessment of any new Business Cases submitted has been supported by the Independent Technical Evaluator (ITE) who have undertaken an initial Gate 1 review of all new Business Cases produced.
- 4.6. Any projects which do not meet the agreed criteria for award of additional GBF funding or where compliance with the SELEP Assurance Framework cannot be confirmed have been placed in a new band – Band 4 – and cannot be considered for prioritisation by the Board at this meeting. It will not be possible for these projects to be included on the pipeline until the identified issues have been satisfactorily addressed.

Figure 1: Proposed banding of projects seeking additional GBF funding



- 4.7. Projects within Band 1 have been identified by Federated Boards as a high priority (i.e. within their top 3 projects) with no identified deliverability or value for money risks. Based on this assessment, it is anticipated that the additional GBF funding sought will be spent in full by the end of March 2023 as required.
- 4.8. Band 2a contains the remaining projects identified as a high priority by the Federated Boards, subject to the projects compliance with the criteria agreed by the Board and with the SELEP Assurance Framework. Deliverability or value for money risks have been identified and therefore these projects present a higher risk than those in Band 1. Assurances have been provided that all projects within Band 2a will be able to spend any additional GBF funding awarded by 31 March 2023 as required, however, the identified risks should be taken into account when agreeing the inclusion of these projects in the GBF prioritised project pipeline.
- 4.9. The intention was that Band 2b would include projects which have been identified by Federated Boards as a lower priority (i.e. not within their top 3 projects) but which have no identified deliverability or value for money risks. Following assessment of the application forms and Business Cases received, no projects have been placed in this band.
- 4.10. Band 3 contains those projects identified as a lower priority by Federated Boards, which have identified deliverability or value for money risks. All projects in this band have indicated that any additional GBF funding awarded can be spent in full by the end of March 2023 as required, however, this is subject to the identified risks being satisfactorily addressed. The identified risks and their potential impact on the delivery programme for each project should be considered when agreeing the prioritised project pipeline.
- 4.11. Given that funding applications have been sought to both support delivery of existing GBF Business Cases and to support delivery of further phases of the existing GBF projects, differing criteria has been used to prioritise the different types of project.
- 4.12. Projects which are seeking additional GBF funding to support delivery of the existing approved Business Case have been prioritised within each band based on the following criteria:
- 4.12.1. **RAG ratings** – projects with few amber or red RAG ratings have been prioritised over





those which have a greater number of identified deliverability or value for money risks.

4.12.2. **Percentage of original GBF allocation committed to date** – where projects have received similar RAG ratings, the percentage of the original GBF allocation committed to date has been used to determine the prioritisation of the projects.

4.12.3. **Date of full spend of additional GBF investment sought** – where required to differentiate between projects, the timetable for spend of the additional GBF investment sought has been considered with projects forecasting spend over a shorter period of time being prioritised over those with a more extended spend profile so as to reduce the risk of GBF spend beyond 31 March 2023.

4.12.4. **Percentage of original GBF allocation spent to date** – where it has not been possible to differentiate between the projects and to prioritise using the above criteria, the percentage of actual GBF spend to date has been used to facilitate prioritisation – with those projects showing greatest percentage of GBF spend being prioritised over those with a lower percentage of GBF spend to date.

4.13. Projects which are seeking GBF funding to support delivery of further phases of the project have been prioritised within each band based on the following criteria:

4.13.1. **RAG ratings** – projects with few amber or red RAG ratings have been prioritised over those which have a greater number of identified deliverability or value for money risks.

4.13.2. **Benefit Cost Ratio (BCR) offered by the project** – where a BCR has been calculated, this has been used as the basis for prioritisation of projects which have been assessed as having similar levels of deliverability or value for money risks. However, it should be noted that the majority of new Business Cases received have sought to apply one of the Value for Money exemptions identified in the SELEP Assurance Framework. The Value for Money exemptions remove the need for a project to demonstrate a BCR of at least 2:1 and are typically applied to lower value funding asks where it is considered that to conduct full quantified and monetised economic appraisal would be disproportionate to the funding ask.

4.13.3. **Date of full spend of GBF investment sought** - where required to differentiate between projects, the timetable for spend of the GBF investment sought has been considered with projects forecasting spend over a shorter period of time being prioritised over those with a more extended spend profile.

4.13.4. **Scale of benefits which will be realised through the GBF investment** – where it has not been possible to differentiate between the projects and to prioritise using the above criteria, the scale of benefits which will be realised through the GBF investment has been used to facilitate prioritisation – with those projects forecasting a greater scale of benefits being prioritised over those with a lower scale of benefits expected.

4.14. It should be noted that, following the completion of an initial Gate 1 review, the decision was taken by the Sussex Innovation Centre to withdraw their Business Case from the prioritisation process. The remaining 15 applications received are continuing in the process and have been considered for inclusion within the new GBF project pipeline.

4.15. An indicative project pipeline is set out in Table 1, alongside a summary of the information used to

prioritise the projects. This pipeline has been developed to facilitate a discussion amongst the Board and is not necessarily intended to reflect the final prioritised list.

Table 1: Indicative GBF project pipeline

Band	Project name	Federated Area and Ranking	Existing GBF allocation (£m)	% of GBF allocation spent to date	% of GBF allocation committed to date	Additional GBF requested (£m)	Cumulative total (£m)	GBF spend end date	Strength of case for GBF funding	Impact on project benefits	Estimated Value for Money	Remaining risks	Barriers to project delivery
1	Innovation Park Medway - Sustainable City of Business	KMEP 2	0.778323	100%	100%	0.400000	0.400000	Mar-23					
	Extension of the full-fibre broadband rollout in Essex to reach rural and hard to reach premises	SEB 2	1.820000	15%	100%	0.477256	0.877256	Mar-23					
2a	Tindal Square, Chelmsford	SEB 1	0.750000	100%	100%	0.450000	1.327256	Mar-23					
	Thanet Parkway Railway Station	KMEP 1	11.999000	100%	100%	0.875000	2.202256	Mar-23					
	Javelin Way development	KMEP 3	0.578724	100%	100%	0.235728	2.437984	Dec-22					
	Observer Building, Hastings	TES 3	1.713000	100%	100%	0.315000	2.752984	Mar-23					
	Extension of the existing Phase 2 ASELA LFFN project	OSE 1	2.500000	100%	100%	0.500000	3.252984	Mar-23		N/A			
	Jaywick Market and Commercial Space	SEB 3	1.972000	38%	100%	0.419060	3.672044	Mar-23					
	Seven Sisters Country Park Visitor Infrastructure Uplift	TES 2	0.200000	27%	100%	0.084100	3.756144	Mar-23					
3	Discovery Park Incubator	KMEP 5	2.500000	57%	100%	0.250000	4.006144	Mar-23					
	Tendring Bikes and Cycle Infrastructure	SEB 5	2.300000	23%	100%	0.300200	4.306344	Mar-23					
	Techfort Phase 2, The Citadel, Dover	KMEP 4	1.009000	0%	100%	0.850000	5.156344	Mar-23		N/A			
	Enterprise Centre for Horizon 120 Business and Innovation Park	SEB 4	7.000000	100%	100%	0.907124	6.063468	Mar-23					
4	Restoring the Glory of the Winter Garden - Phase 2	TES 1	1.600000	100%	100%	0.900000	6.963468	Mar-23		N/A			
	Accessing Charleston: Removing the Barrier to Growth	TES 4	0.329835	100%	100%	0.321414	7.284882	Mar-23		N/A			

- 4.16. The % of GBF allocation spent to date figures have been derived from the quarterly reporting submitted by local partners in advance of the September 2022 Accountability Board meeting and take into account any actual spend reported in Q2 2022/23 at that time.
- 4.17. A full summary of the applications received is set out in the Getting Building Fund pipeline assessment spreadsheet (Appendix B).
- 4.18. As set out above, projects in Bands 2a and 3 have identified deliverability or value for money risks. A brief summary of these risks is set out in Table 2 below on a project-by-project basis. Table 2 also explains the rationale for the current prioritisation, including an explanation as to why projects have been placed in Band 4.

*Table 2: Identified project risks and rationale for current prioritisation*

Project	RAG rating	Identified Risks/Rationale for prioritisation
<b>Innovation Park Medway – Sustainable City of Business</b>	Rationale for prioritisation	<p>Additional GBF funding has been sought to allow full delivery of the approved Business Case. There are no identified risks to delivery of the GBF funded elements of the project, with work currently progressing on site.</p> <p>Evidence has been provided by Medway Council with regard to ongoing demand from businesses to locate at Innovation Park Medway. However, the Board should be mindful that the stated project benefits are dependent upon delivery of commercial workspace at the site and therefore benefits may not be realised for a number of years.</p>
<b>Extension of the full-fibre broadband rollout in Essex to reach rural and hard to reach premises</b>	Rationale for prioritisation	<p>Additional GBF funding has been sought to allow full delivery of the approved Business Case. Work has been undertaken to identify where additional costs will be incurred and therefore it is expected that this funding will safeguard the forecast benefits.</p> <p>To date, only 15% of the original GBF allocation has been spent and the project has been granted a 12 month extension to 31 March 2023. Delivery of the project was adversely impacted by a lengthy delay in provision of the required approvals by the Department for Digital, Culture, Media and Sport. Since approvals have been received, project delivery has progressed without issue.</p>
<b>Tindal Square, Chelmsford</b>	Value for Money	A Value for Money exemption was applied in the original project Business Case and therefore a BCR was not calculated. A further review is required by the ITE to confirm that



		the project continues to comply with the requirements of the Value for Money exemption.
	Rationale for Prioritisation	This project has been placed at the top of Band 2a by virtue of the RAG rating highlighting fewer deliverability or value for money risks than the other projects in the band.
<b>Thanet Parkway Railway Station</b>	Remaining risks (amber/ green)	Detailed design of the level crossing and signalling works has not yet been completed and therefore the total project cost cannot be confirmed at this time. This presents a risk to the Value for Money offered by the project. However, the project currently offers Very High Value for Money and therefore the risk is considered to be low.
	Barriers to project delivery	It is noted in the application for additional GBF funding that there is a need to resolve a clash with other track works which may impact on the ability to obtain the required track possessions to complete the level crossing and signalling works. This is not expected to be a complete barrier to delivery of the project but does have the potential to impact on the construction programme.
	Rationale for prioritisation	This project has been placed second in Band 2a by virtue of the RAG rating highlighting fewer deliverability or value for money risks than all projects in the band, other than Tindal Square, Chelmsford.
<b>Javelin Way development</b>	Remaining risks	Delivery of the project has been significantly impacted by delays experienced in progressing the required utility works. There remain outstanding utilities connections which need to be delivered before the project can be completed, and there remains a risk that these works could delay project completion.
	Rationale for prioritisation	The project has been placed second within Band 2a on the basis of: <ul style="list-style-type: none"> <li>the RAG rating assigned to the project</li> <li>the reported date of full GBF spend of December 2022, which is earlier than the other projects within the</li> </ul>



		Band.
<b>Observer Building, Hastings</b>	Remaining Risks	The primary risk relates to ongoing cost uncertainty. Updated costs have been provided for the remaining works but these will likely only be held for a short period of time by the supplier/contractor and therefore may be subject to further increases in advance of confirmation of additional GBF funding award (assuming the project is prioritised by the Board).
	Rationale for prioritisation	The project has been placed ahead of the remaining projects in Band 2a in the proposed pipeline by virtue of having spent the full original GBF funding allocation by 31 March 2022. The remaining projects have either not yet completed their GBF spend or have now completed spend having previously sought approval for retention of GBF funding beyond March 2022.
<b>Extension of the existing Phase 2 ASELA LFFN project</b>	Value for Money	The project is seeking to apply a Value for Money exemption but additional information is required to confirm full compliance with the conditions of the exemption. In addition, the Business Case does not include any quantification of benefits that are expected to be realised as a result of the additional GBF funding.
	Rationale for prioritisation	The project has been placed ahead of the remaining projects in Band 2a by virtue of having spent the original GBF funding allocation in full by September 2022.
<b>Jaywick Market and Commercial Space</b>	Remaining Risks	Delivery of the project has been delayed as a result of the discovery of asbestos contamination and unexpected ground obstructions during the construction of the main building. There is an identified ongoing risk of further contamination or ground obstructions in the area surrounding the building. This leads to uncertainty regarding the total project cost which could have an impact on the BCR offered by the project.



		<p>The BCR is currently above 3:1 and therefore it is expected that the project will continue to offer High Value for Money, however, this will be monitored by the Accountability Board.</p>
	<p>Rationale for prioritisation</p>	<p>The project has been placed below The Observer Building, Hastings and ASELA LFFN in the proposed pipeline as the original GBF funding allocation has not yet been spent in full.</p>
<p><b>Seven Sisters County Park Visitor Infrastructure Uplift</b></p>	<p>Value for Money</p>	<p>A Value for Money exemption was applied in the original project Business Case and therefore a BCR was not calculated. Limited commentary has been provided in the application form for additional GBF funding in relation to the Value for Money offered by the project. At the current time it is not possible to confirm that the project continues to comply with the requirements of the Value for Money exemption.</p>
	<p>Barriers to project delivery</p>	<p>The application for additional GBF funding indicates that Listed Building Consent is required in order to progress some elements of the project.</p> <p>The process agreed by the Board indicated that if there were any remaining barriers to delivery including outstanding planning consents, which have the potential to significantly impact on the delivery programme, that the projects will not be prioritised for receipt of GBF funding. However, the required Listed Building Consent application has been submitted and is due for determination during October 2022 reducing the risk of delay to project delivery.</p>
	<p>Rationale for prioritisation</p>	<p>The outstanding Listed Building Consent presents a risk to project delivery as per the agreed Business Case and therefore the project has been placed at the bottom of Band 2a in the proposed project pipeline.</p>
<p><b>Discovery Park Incubator</b></p>	<p>Remaining risks</p>	<p>Additional GBF funding has been sought to enable delivery of the full project scope as set out in the agreed Business Case. This includes fit out of shared laboratory</p>



		<p>facilities. There is a risk that there will be an extended lead-in time for specialist laboratory equipment which may delay project completion.</p>
	<p>Rationale for prioritisation</p>	<p>This project has been placed at the top of Band 3 of the proposed project pipeline for the following reasons:</p> <ul style="list-style-type: none"> <li>• It was not prioritised by the Kent and Medway Economic Partnership Board</li> <li>• The project is seeking additional GBF funding to enable delivery of the full scope of the original approved Business Case (rather than seeking funding for works which extend beyond the scope of the original Business Case)</li> <li>• A greater proportion of the original GBF funding allocation has been spent to date, compared to the Tendring Bikes and Cycle Infrastructure and Techfort projects.</li> </ul>
<p><b>Tendring Bikes and Cycle Infrastructure</b></p>	<p>Value for Money</p>	<p>The BCR offered by the project was originally reported to be 2.12:1. The BCR has been reviewed by the scheme promoter and it is expected that it will remain above 2:1 as required. However, it is expected that the BCR will be close to 2:1 and therefore a review will be required by the ITE to confirm that the project continues to meet the requirements of the SELEP Assurance Framework.</p>
	<p>Rationale for prioritisation</p>	<p>The additional GBF funding has been sought, in part, to deliver the approved Business Case. However, funding has also been sought to deliver works which, whilst in line with those specified in the Business Case, seek to extend the reach of the project.</p> <p>To date, only 23% of the original GBF funding allocation (as detailed in the reporting submitted in advance of the September 2022 Accountability Board meeting) has been spent and approval to retain the funding against the project to 31</p>





		<p>March 2023 has been granted (subject to Board endorsement at this meeting).</p> <p>The project has been placed above Techfort and below Discovery Park in the proposed pipeline based on the proportion of the original GBF funding allocation which has been spent to date.</p>
<p><b>Techfort Phase 2, The Citadel, Dover</b></p>	<p>Remaining risks</p>	<p>Whilst Planning and Scheduled Monument Consent have been granted, there remains a need to satisfy the conditions attached to these permissions before the project can be delivered. This presents a risk to the delivery programme.</p>
	<p>Barriers to delivery</p>	<p>As referenced above, conditions attached to the Planning and Scheduled Monument Consents must be satisfied prior to project delivery. This is not expected to be a complete barrier to delivery of the project but does have the potential to impact on the construction programme.</p>
	<p>Rationale for prioritisation</p>	<p>It is expected that delivery of the Techfort Phase 2 project will immediately follow delivery of Phase 1. Whilst acknowledging that the initial GBF funding allocation was not awarded until February 2022, no GBF funding has been spent to date (as detailed in the reporting submitted in advance of the September 2022 Accountability Board meeting) supporting project delivery.</p> <p>The Business Case submitted considers risks to project delivery and includes provision of a clear delivery programme, and as a result the project has been placed above the Enterprise Centre for Horizon 120 Business and Innovation Park project. However, in accordance with the agreed prioritisation criteria, as the project has yet to spend the original GBF funding allocation it is has been placed lower than projects which have either commenced or completed GBF spend.</p>
<p><b>Enterprise Centre for Horizon 120 Business and Innovation Park</b></p>	<p>Rationale for prioritisation</p>	<p>The project has been completed and the official opening event was held on 29 September 2022. The direct additionality associated with the award of additional GBF funding appears to relate to works which</p>

		<p>extend beyond the scope of the original Business Case. In addition, there is a lack of consideration of risks associated with the planned works and a clear programme has not been provided.</p> <p>The project has been placed at the bottom of Band 3 as:</p> <ul style="list-style-type: none"> <li>• It was not prioritised by the Success Essex Board</li> <li>• It is not seeking funding to deliver the scope of the original Business Case, as per the agreed process</li> <li>• No programme has been provided for delivery of the works and therefore it is not possible to accurately assess the ability of the project to fully spend the additional GBF funding by 31 March 2023.</li> </ul>
<p><b>Restoring the Glory of the Winter Garden – Phase 2</b></p>	<p>Rationale for inclusion in Band 4:</p> <p>The Business Case indicates that Planning Consent and Listed Building Consent are both required for this project. The process agreed by the Board indicated that if there were any remaining barriers to delivery including outstanding planning consents, which have the potential to significantly impact on the delivery programme, that the projects will not be prioritised for receipt of GBF funding.</p>	
<p><b>Accessing Charleston: Removing the Barrier to Growth</b></p>	<p>Rationale for inclusion in Band 4:</p> <p>The Business Case indicates that Value for Money exemption 1 has been applied, however, there is insufficient information provided in the Economic Case to support this and therefore Value for Money cannot be assured.</p> <p>It is currently unknown if there is sufficient electrical capacity at the site to power the Electric Vehicle charging points. This is potentially a barrier to delivery and is also a significant risk to the delivery programme if there is a requirement for input from utility companies.</p> <p>It is unclear if there are any planning requirements which need to be met in relation to the project and the ITE has queried the realism of the stated benefits.</p>	

4.19. East Sussex County Council have indicated that, whilst the Restoring the Glory of the Winter Garden Phase 2 and Accessing Charleston: Removing the Barrier to Growth projects are not

currently in a position to be considered for award of additional GBF funding, further work is being undertaken on the Business Cases to address the concerns identified by both SELEP and the ITE (where possible). Should any further GBF funding be returned to SELEP for reallocation, the Board will be asked to reconsider the inclusion of these projects on the GBF project pipeline.

- 4.20. There are a number of risks or uncertainties identified in Table 2 which could jeopardise the ability of the projects to complete spend of any additional GBF funding awarded by 31 March 2023 as required. It is therefore recommended that, should the Board decide to prioritise these projects, conditions are attached which must be met in advance of the Accountability Board meeting in November 2022 when the award of additional GBF funding will be considered. The proposed conditions are set out in Table 3 below.
- 4.21. It is important, if Government expectations are to be met, that all the available GBF funding is awarded to projects at the November 2022 Accountability Board meeting. Therefore, it is recommended that if any conditions are not met in advance of the meeting, that the funding is awarded to the next project(s) on the agreed GBF prioritised project pipeline where all conditions have been met.

*Table 3: Conditions attached to the prioritisation of projects seeking additional GBF funding*

Project	Proposed condition
Tindal Square, Chelmsford	Completion of a further review by the ITE to confirm that the project continues to meet the conditions of the Value for Money exemption applied.
Extension of the existing Phase 2 ASELA LFFN project	Provision of additional evidence/information as required to demonstrate that the project is fully compliant with the applied Value for Money exemption.  Provision of quantified forecast benefits expected to be realised as a result of the additional GBF funding.  Completion of additional work on the Business Case to address the points highlighted in the Gate 1 review completed by the ITE. Completion of a satisfactory Gate 2 review by the ITE.
Seven Sisters Country Park Visitor Infrastructure Uplift	Completion of a further review by the ITE to confirm that the project continues to meet the conditions of the Value for Money exemption applied.  Provision of evidence that Listed Building Consent has been granted for the proposed Pump Barn works.
Tendring Bikes and Cycle Infrastructure	Provision of updated BCR calculations to demonstrate that the project continues to offer High Value for Money. Completion of a further review by the ITE to confirm that the project continues to meet the requirements of the SELEP Assurance Framework.

- 4.22. There are a number of recurring themes which present a risk to project delivery, including the requirement for utilities works to be undertaken. These risks will be routinely monitored by the Accountability Board and updates will be provided to the Board as required.

- 4.23. It is expected that the majority of the risks identified can be satisfactorily addressed in a relatively short timeframe, however, it is recommended that those projects with an identified risk are considered on a case by case basis to minimise risk of non-delivery or failure to complete GBF spend by 31 March 2023.
- 4.24. It is noted that there are at least two projects where the total project cost cannot be confirmed at this time and therefore there is a risk to the value for money offered by the projects. The Accountability Board will continue to receive regular updates on total project costs and the impact on the BCR offered by the projects. Should increasing total project costs threaten the ability of projects to offer a BCR of at least 2:1, an updated Value for Money assessment will be requested and this will be subject to a review by the ITE. Should the project no longer meet the requirements of the SELEP Assurance Framework, the Accountability Board will be asked to consider whether the GBF funding should remain allocated to the project.
- 4.25. It was intended that the indicative GBF project pipeline would offer two potential approaches to agreeing the final pipeline, depending upon the risk appetite of the Board. However, as indicated at Section 4.9 of this report, no projects have been assessed as falling within Band 2b (Lower Federated Board, High deliverability/viability). Given that the majority of the applications for additional funding have been submitted by existing projects which are still in the process of delivering, it is perhaps to be expected that there are risks to project delivery. Similarly, it is to be expected that rising project costs will present a risk to the value for money offered by the projects.
- 4.26. In the absence of any projects within Band 2b, it is recommended that the available GBF funding is awarded to projects in Band 1 and Band 2a. If the proposed project pipeline is agreed, funding will be awarded to the first 7 projects on the pipeline, leaving an unallocated balance of £0.064m. This balance will be applied to the next project on the GBF pipeline but will not provide the full balance of the additional funding requested and therefore further work will be needed to understand how this will impact on the ability of the project to deliver in accordance with the agreed Business Case.

## **5. Decision 2: Agree GBF spend beyond the 31 March 2022, as applicable, for those projects which have been prioritised for receipt of additional GBF funding**

- 5.1. The Board has previously agreed that GBF funding can be retained against a number of ongoing projects beyond March 2022, subject to the projects complying with a number of conditions and criteria.
- 5.2. Given the timeline for creation of the new GBF project pipeline, any funding awarded through the pipeline will be spent after March 2022. Three of the projects seeking additional GBF investment have already received approval for retention of their GBF funding allocation to 31 March 2023 (Extension of the full-fibre broadband rollout in Essex to reach rural and hard to reach premises, Jaywick Market and Commercial Space and Tendring Bikes and Cycle Infrastructure) – subject to Board endorsement for two of the projects (Jaywick Market and Commercial Space and Tendring Bikes and Cycle Infrastructure) under Agenda Item 7 at this meeting. The remaining projects either completed spend of their original GBF funding allocation by 31 March 2022, have received approval for retention of their GBF funding allocation to 30 September 2022 or are new projects seeking to enter the GBF programme. If additional GBF funding is awarded to any of these projects, approval to retain the GBF funding allocation beyond March or September 2022

(dependent upon whether a previous extension has been granted) is required.

- 5.3. Table 4 sets out those projects seeking additional GBF investment which will require approval for retention of their GBF funding allocations beyond 31 March 2022 (or 30 September 2022). Detailed quarterly spend profiles will be provided to the Accountability Board in November 2022 as part of their consideration of the award of additional GBF funding through the pipeline.
- 5.4. Given the clear expectation from Central Government that the GBF funding should now be spent in full by 31 March 2023, spend of the additional GBF funding awarded will be closely monitored by the Accountability Board and any risks to full spend by 31 March 2023 will be reported to the Board at future meetings.

*Table 4: Projects seeking additional GBF investment which have not previously received approval for GBF spend beyond 31 March 2022*

Project	Additional GBF investment requested	Expected date of full GBF spend
Innovation Park Medway – Sustainable City of Business	£0.400m	March 2023
Tindal Square, Chelmsford	£0.450m	March 2023
Thanet Parkway Railway Station	£0.875m	March 2023
Javelin Way Development	£0.236m	December 2022
Observer Building, Hastings	£0.315m	March 2023
Extension of the existing Phase 2 ASELA LFFN project (previously received approval for GBF spend to September 2022)	£0.500m	March 2023
Seven Sisters Country Park Visitor Infrastructure Uplift (previously received approval for GBF spend to September 2022)	£0.084m	March 2023
Discovery Park Incubator (previously received approval for GBF spend to September 2022)	£0.250m	March 2023
Techfort Phase 2, The Citadel, Dover (new project)	£0.850m	March 2023
Enterprise Centre for Horizon 120 Business and Innovation Park	£0.907m	March 2023
<b>Total</b>	<b>£4.867m</b>	

- 5.5. With consideration of the project specific risks outlined within this report, the Board are asked to agree GBF spend beyond the 31 March 2022, as applicable for those projects set out in Table 4 subject to the Board prioritising the projects for receipt of additional GBF funding. Noting that if project completion dates are delayed by more than 6 months the Board will be asked to confirm its continued support for GBF spend beyond 31 March 2022.

## 6. Next Steps

- 6.1. The award of the £3.3175m GBF currently available will need to be considered by the

Accountability Board at their meeting on 25 November 2022 to maximise the time available to spend the funding.

- 6.2. There are a number of potential routes to securing Accountability Board approval of the additional GBF funding allocated to those projects prioritised on the pipeline. The first route, for existing GBF projects where there is no identified Value for Money risk, allows a project change request to be brought forward for consideration by the Board.
- 6.3. The second route, for existing GBF projects where there is an identified Value for Money risk or where a Value for Money exemption has been applied, allows a project change request to be brought forward for consideration by the ITE. Assuming the assessment by the ITE concludes that the project continues to offer High Value for Money, the projects will be presented to the Accountability Board for consideration.
- 6.4. The final route, for projects seeking additional GBF funding to support further phases of work, requires preparation of a new Business Case and completion of a review by the ITE. Business Cases have already been prepared for all projects falling into this category and an initial Gate 1 review has been completed by the ITE. In the majority of cases, further work will be required on the Business Cases to address the comments raised by the ITE, prior to completion of a Gate 2 review. Assuming this review concludes that the Business Cases are strong enough and that the projects comply with the requirements of the SELEP Assurance Framework, the projects will be presented to the Accountability Board for consideration.
- 6.5. For all prioritised projects, as part of the Accountability Board's consideration of the award of the additional GBF funding, each project will be required to demonstrate how it complies with the conditions and criteria for spend beyond 31 March 2022 as previously agreed by the Accountability Board.
- 6.6. In addition to the approval from the Accountability Board, there is a requirement to secure approval from Central Government for any changes to the GBF programme, including the award of additional GBF funding to existing projects. This approval must be sought through submission of project change requests which detail any changes to the GBF funding allocation and the benefits that will be realised as a result of the project. It is intended that, following agreement of the new prioritised project pipeline at this meeting, the project change requests will be completed and submitted to Central Government with a view to receiving confirmation of Government approval in advance of the Accountability Board meeting on 25 November 2022. If Government approval is not forthcoming in advance of the Accountability Board meeting, all funding decisions will be subject to receipt of Government approval.
- 6.7. Following the approval of the award of additional GBF funding by the Accountability Board and Central 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.
- 6.8. Should any further GBF funding be returned to SELEP for reallocation, this funding will be available to the next project on the pipeline. If this unallocated funding is insufficient to support the next project on the pipeline, the Accountability Board can agree to consider the next two projects on the pipeline in order to identify a project with a funding ask which aligns with the amount of funding available. Decisions in this regard will be taken on a case by case basis.
- 6.9. The Accountability Board will continue to closely monitor all ongoing GBF projects, with a view to

ensuring that the full £85m GBF funding allocation is spent in full by 31 March 2023. The Board will be updated if there are any risks which mean that full GBF spend may not be achieved.

## **7. Comments from the Accountable Body**

- 7.1. All allocations of GBF funding to projects prioritised through the agreement of a pipeline must meet the requirements of the assurance framework, including value for money and independent technical evaluation. In addition, it is a requirement that all business cases are accompanied by the s151 Officer letter of support from the respective Partner Authority that is sponsoring the project; this is to provide assurance to the Accountable Body that all respective checks, including the risk assessment of the business case, have been made.
- 7.1. It is government's expectation that GBF is used to deliver the outcomes set out in the agreed list of GBF projects; they also expect to agree any new projects to be funded with the GBF.
- 7.2. Under the terms of the GBF grant conditions, there is no requirement to have spent the grant by March 2022; there remains a reputational risk for SELEP Ltd, however, to ensure delivery of the GBF Projects within the agreed timelines to secure realisation of the associated economic benefits.
- 7.3. It is an expectation of the Assurance Framework that SELEP maintains a prioritised pipeline / pipelines for investment aligned to delivery of the SELEP Economic Strategy. All allocations of funding against a pipeline must ensure the conditions of the respective funding stream can be met. It is a responsibility of the Accountable Body to ensure that funding is spent in line with the specified conditions; this is managed through the GBF SLAs in place with the respective Partner Authorities.

## **8. Appendices, Supporting Documents and Previous Decisions**

- 8.1. Appendix A: Getting Building Fund – development of new prioritised project pipeline process note
- 8.2. Appendix B: Completed Getting Building Fund pipeline assessment spreadsheet
- 8.3. Previous decision: Electronic Procedure report to Strategic Board in July 2022 to agree approach to developing GBF prioritised project pipeline
- 8.4. For further information please contact SELEP Capital Programme Manager, Helen Dyer ([Helen.Dyer@southeastlep.com](mailto:Helen.Dyer@southeastlep.com))

## Item 5: SELEP & Housing Delivery

### Executive Summary

#### 1. Overview

- 1.1. From the inception of the South East Local Enterprise Partnership (SELEP), there has been the stated ambition to accelerate housing delivery. This was outlined in the 2014 publication 'Building the Future', which set out the broader Growth Deal ambitions of SELEP.
- 1.2. SELEP has continued to work to accelerate housing delivery through infrastructure investments, and collaboration with sector representatives, primarily through our Housing and Development Working Group.
- 1.3. A briefing update on SELEP's strategic housing work overall will be the principal presentation of this Board meeting agenda item.
- 1.4. Please note that this item was expected to be presented at the June 2022 SELEP Strategic Board meeting but was deferred to the October 2022 meeting due to time constraints.

#### 2. Summary of update:

- 2.1. The SELEP Housing and Development Working Group brings together all housing sector stakeholders such as local councils, central government representatives and major developers on a quarterly basis to promote housing growth by assembling evidence, identifying obstacles and finding solutions.
- 2.2. The working group supports the SELEP Economic Recovery and Renewal Strategy, responding to the challenges and maximizing opportunities post-pandemic. This is central to the ambitions under the Building Communities for the Future strategic priority. Namely, the priority to lead the UK in reimagining, designing, and creating communities that are fit for the accelerated changes in which people live and work.
- 2.3. Following the Government's publication of the Levelling Up White Paper, the group has also committed to providing support and advocacy to communities with ambitious growth plans, including the delivery of the Levelling Up missions and the completion of Garden Communities.
- 2.4. As part of the broader evidence sharing remit of the group, there have been regularly monthly sessions with the Developer Group Chairs, including the Chair of the SELEP Housing and Development Group, and representatives from the Department for Levelling Up, Housing and Communities (DLUHC), including the Minister of State for Housing. These regular sessions, which began during the start of the COVID-19 pandemic, are an opportunity to share information on the state of the sector, help remove barriers to housing delivery and promote the accelerated delivery of new homes.

#### 3. Rationale for update

- 3.1. The SELEP Recovery & Renewal Strategy underlines the importance of housing growth to the broader economy of the South East. This is particularly true for the Building Communities for the Future strategic priority, where there is an emphasis on the accelerated delivery of new communities and an acknowledgement of the special position that SELEP has in this respect –



with 25% of planned garden communities within SELEP's boundaries.

- 3.2. There has been significant work to promote growth in the sector, primarily through engagement with SELEP Housing and Development Working Group members, and this has led to progress in delivery outputs. Most notably the target for new homes set out in the SELEP Strategic Economic Plan, for 100,000 new homes by March 2021, which was met and exceeded by 10,100 new homes, as detailed in Appendix 1. Supporting the delivery of this target, to date SELEP capital programmes have supported the delivery of 28,603 new homes.<sup>1</sup> Outlining these successes and future plans to the Board will ensure they have a deeper understanding of the work of SELEP relating to housing and development.

#### **4. Next Steps**

- 4.1. The Board will be updated regularly on the activity of the SELEP Housing & Development Working Group, and broader engagement with the sector, through the quarterly strategy progress dashboard updates.

#### **5. Comments from the Accountable Body**

- 5.1. There are no comments from the Accountable Body.

#### **6. Appendices, Supporting Documents and Previous Decisions**

- 6.1. Appendix A - Additional Homes Data
- 6.2. Appendix B - Presentation

For further information contact Alexander Riley, Sector Engagement Lead  
([alexander.riley@southeastlep.com](mailto:alexander.riley@southeastlep.com))

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<sup>1</sup> SELEP Delivery Plan 2022-23

## Item 6: Sector Support Fund Project Update

### Executive Summary

#### 1. Overview

- 1.1. At the March 2022 meeting the Strategic Board (the Board) agreed to not make any further Sector Support Funding (SSF) awards, as such there are no awards to consider at this meeting.
- 1.2. East Sussex County Council (ESCC) has advised SELEP Ltd that Orbit Housing have withdrawn as project lead to the Building Back Better project. The project will now be withdrawn from the SSF programme. Furthermore, as the Board agreed, at the meeting in March 2022, not to make any new SSF awards, the Accountability Board will be asked to approve the transfer of the £192,000 SSF allocation to the SELEP Operational Reserve at their meeting in November 2022.
- 1.3. A project change request has been received in relation to the Accelerating Nature-Based Climate Solutions project and the Board are asked to endorse a two month extension to the project delivery programme.
- 1.4. This report includes an update on current Sector Support funded project delivery.

#### 2. Decisions: Board is recommended to:

- 2.1. Decision 1: Endorse the request to extend the delivery timetable end date for the Accelerating Nature-Based Climate Solutions project from 31 October 2022 to 23 December 2022.

#### 3. Rationale for Decision 1

- 3.1. The Accelerating Nature-Based Climate Solutions project has previously been granted an extension to its delivery timeline, by the SELEP Chief Executive Officer, from 30 April 2022 to 31 October 2022.
- 3.2. East Sussex County Council, as project lead, have submitted a request to further extend the project timeline. An unexpected bereavement within the project lead organisation has resulted in a further slight delay to project completion. The situation has now been resolved and the project is due to complete by the end of this year.
- 3.3. The SELEP Chief Executive Officer is comfortable with the extension request, but as he has already agreed the earlier extension, of 6 months, it is a requirement of the Assurance Framework that extensions to projects of more than 6 months must be considered by the Board and therefore this decision is seeking endorsement by the Board.

### Further Information

#### 4. Decision 1: Project extension request

- 4.1. The Accelerating Nature-Based Climate Solutions project focusses on carbon sequestration (the removal of carbon dioxide from the atmosphere), where there is significant demand but fragmented supply.
- 4.2. The project seeks to provide an understanding of the demand for nature-based projects from local authority climate emergency plans and local businesses seeking to invest in local carbon offsetting.



- 4.3. The project will assess the readiness of nature-based organisations to develop and deliver nature-based products for carbon sequestration and identify gaps in skills, knowledge and capacity that stands in their way.
- 4.4. A framework will be developed for a SELEP-wide 'brokerage hub' that can bring together buyers and sellers to co-develop nature-based carbon sequestration projects. More information is available in Appendix B.
- 4.5. The Board endorsed the allocation of £135,000 of SSF in March 2021, contributing to a total project cost of £198,000; at this time, it was expected that the project would complete in April 2022.
- 4.6. A request to extend the timeline of the project was received by the SELEP Chief Executive Officer in December 2021, to extend the project completion date until October 2022. The initial stages of the project were hampered by:
  - 4.6.1. Covid-19 reduced the speed at which the project was able to start because many partners on the project steering group had not met or worked together previously and virtual meetings has acted as a brake on effective project planning and delivery.
  - 4.6.2. Partners in Essex needed to get up to speed due to a less well-developed natural capital network than other partners.
  - 4.6.3. Procurement of the main contractor was delayed due to internal procurement pressures at East Sussex County Council.
  - 4.6.4. A lack of clarity over the future of the Environment Bill (now Act) post Brexit.
  - 4.6.5. Securing engagement from partners as they were rebuilding following Covid-19, had resulted in a slow start to the project.
- 4.7. Since the original project extension request was agreed the project has suffered the loss of a key member of staff, which has led to this current request for an extension to 23 December 2022.
- 4.8. The project extension will not impact on project costs or benefits; value for money forecasts are expected to be the same as outlined in the original application.
- 4.9. To date £112,500 of the SSF funding has been drawn down, with a further £22,500 due to be drawn down in Q3 2022/23.
- 4.10. The project extension has been endorsed by East Sussex County Council (ESCC) and due to be discussed at the Team East Sussex meeting on the 17 October 2022.
- 4.11. The Board is asked to endorse this request to extend the delivery programme for this project until 23 December 2022.
- 4.12. The Project Change Request can be viewed at Appendix C

## **5. Building Back Better Project Information**

- 5.1. ESCC have requested that the Building Back Better project be removed from the SSF programme following a decision by Orbit Housing to withdraw as the project delivery lead meaning that the project cannot be delivered as originally approved.
- 5.2. ESCC appreciates and applauds the partners' desire to take forward elements of the project. It was initially hoped that it would be possible to pursue the project through a change request (PCR)



route, albeit the challenge of delivering and evaluating the project before the end of March 2023 was always going to be there and the Board would have taken that into consideration. However, the PCR route is not feasible as the changes are so significant that the project would need to be considered as a new application, which is now no longer possible following the decision of the Board in March 2022 to not make any new Sector Support Fund awards.

- 5.3. Following the decision taken by ESCC and in accordance with the decision taken by the Board at the March 2022 meeting, that no further SSF awards would be made, the SSF allocated to the Building Back Better project will be returned to the SELEP Operational Reserve, subject to approval by the Accountability Board at their meeting in November 2022.
- 5.4. No funding has been transferred to ESCC to date in respect of this project.

## 6. Current Sector Support Fund Position

- 6.1. At the Board meeting in March 2022, it was agreed that no further SSF awards would be made, and the fund was closed; the outstanding £126,736 of funding was approved to be transferred to the SELEP Operational Reserve.
- 6.2. Further, it was agreed that should funding previously allocated to projects be returned to SELEP, then this would be re-allocated to the SELEP Operational Reserve.
- 6.3. To date the Board has endorsed a total of 21 SSF projects, to a maximum value of £2,373,264. At the Board meeting in June 2022 the Board were advised that £22,673 had been returned to SELEP due to a number of projects identifying an underspend.
- 6.4. The return to the SELEP Operational Reserve of £22,673 of SSF project funding was approved by the Accountability Board at their meeting on 27 May 2022.
- 6.5. Details of the allocations made throughout the SSF programme, and a record of the amounts transferred to the SELEP Operational Reserve can be found in Table 2. Note the transfer to the Operational Reserve of £192,000, from the Building Back Better project, is subject to Accountability Board approval at the November 2022 meeting.

**Table 2: Sector Support Fund Balance**

	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	Total	
	£,000	£,000	£,000	£,000	£,000	£,000*	£,000	
Total Contributions to SSF	500	500	500	1,000	0		2,500	
<i>Funds c/f from prior year</i>	0	129	0	207	127		0	
<i>Total SSF Available for allocation in year</i>	500	629	500	1,207	127		0	
Total SSF Allocated to Projects	(371)	(629)	(294)	(1,080)	0		(2,373)	
Return from SSF Projects					23	192	215	
SSF Transferred to Operational Reserve	0	0	0	0	(149)	(192)	(341)	
<b>Available Fund Balance</b>	<b>129</b>	<b>0</b>	<b>207</b>	<b>127</b>	<b>0</b>		<b>0</b>	
* subject to Accountability Board approval at the November 2022 meeting								

6.6. Summary information on all SSF projects can be found at Appendix A and B.

## **7. Update on existing Projects**

- 7.1. The projects currently in flight are required to provide updates at regular intervals. The latest updates on delivery of live projects and an assessment of the RAG status for these projects can be found at Appendix B.
- 7.2. There is one project flagged as red and two projects are flagged as Amber. Accelerating Nature-Based Climate Solutions is covered earlier in this report, the other two are set out below:

### **Creative Open Workspace Masterplan and Prospectus (Red)**

- 7.2.1. The Board endorsed a project extension from March 2022 to September 2022 at the March 2022 meeting. The project continues to experience difficulties due to inflation, interest rate increases, and recent Government funding allocations to districts and boroughs, which has impacted on workloads and presented further obstacles to achieving the benefits of the project.
- 7.2.2. Project outputs delivered to date are the South East Creative Economy Network (SECEN) Statement of Intent (formerly The Prospectus that was endorsed by the Board in December 2021). Board endorsement helped to raise the profile, as well as promote the wider use of the document by the sector in the South East. The activities outlined in the document are being taken forward independently by SECEN.
- 7.2.3. The SECEN Statement of Intent sets out a refreshed portfolio of creative sector-led pledges for initiatives that can be delivered in partnership across the SELEP area. The document outlines suggested actions and plans that will support growth, resilience, and new opportunities in the creative sector. The document has informed some recent pieces of work, notably the SELEP/Arts Council Creative High Street's report, and the Create Growth Programme bid. More generally it has been used by the sector and local authority partners to evidence need and strategic fit in other funding opportunities.
- 7.2.4. The second key deliverable of the project is the production of a planning policy that can be adopted by local authorities to support the inclusion of creative workspace in new developments and the re-purposing of under-used buildings as creative workspace. Progress on this element has been challenging and delays to the issuing of the brief to create the toolkit element has meant that the project will require a further extension beyond the previous request which extended completion of the project to the end of September 2022.
- 7.2.5. A project change request will be presented to the December Board setting out the required extension period required to complete the project and deliver the important outputs for the Creative sector. The change request will also set out where re-purposing of some of the indirect benefits associated with the project are being proposed. The direct outputs of the project are still expected to be delivered as highlighted above, and according to the application form were expected to deliver a benefit cost ratio of 6.4:1 which is High Value for Money.
- 7.2.6. Further information can be found at Appendix B



### **SEED 2 project (Amber)**

- 7.2.7. The project has experienced difficulties with delivery since commencement, especially around business engagement. The project was previously granted an extension to October 2022, to allow more time for the partners to engage with companies and deliver the trade missions over a longer time period.
- 7.2.8. The original application for SSF set out that the project would aim to recruit 150 companies from which 100 would be selected for the virtual trade missions. At the most recent reporting update provided expressions of interest in participating in the project stood at 61, however of this number only 43 have actively participated to date. Efforts to secure participation have been challenging, mainly due to the earlier impacts of the pandemic, Brexit and more recently the war in Ukraine, all of which affect the ability of small businesses to focus resource on export activity.
- 7.2.9. The scheme promoter continues to work hard to encourage further participation prior to completion of the project.
- 7.2.10. One trade mission programme was completed in April 2022 with the remainder completing by October 2022, with a full evaluation of the project expected to be tabled at the December 2022 Board meeting.
- 7.2.11. From the update received it is clear that the project is experiencing difficulties in garnering interest from certain areas and this does pose some risks to the projects ability to realise the Value for Money set out in the original application, which was based on the project connecting around 100 SELEP SMEs with potential buyers/distributors/customers in-market. The initial benefit cost ratio (BCR) was estimated at 4:1. The number of active participants at 43 is considerably below the original estimate of 100 and it is likely that the BCR will drop below 2:1.
- 7.2.12. The scheme promoter is working hard to encourage greater participation in the project and a further update will be provided at the December 2022 Board meeting, but the Board should be aware that the project may no longer offer High Value for Money.
- 7.2.13. Further information can be found at Appendix B.

## **8. Comments from the Accountable Body**

- 8.1. A balance of £303,500 of SSF was held at the beginning of 2022/23 by the Accountable Body; this total was fully 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. With the cancellation of the Building Back Better Project, this will leave a balance of £71,500 of approved funding still to be claimed before the end of March 2023, in respect of the Accelerating Nature Based Solutions project (£22,500) and the SECEN Creative Open Workspace project (£49,000).
- 8.2. As the Accountable Body was still holding the funds for the Building Back Better project, no monies are required to be returned from East Sussex County Council in this respect.
- 8.3. All remaining SSF projects are due to have completed by the end of 2022/23; this highlights the importance that updates to the Board to include ongoing monitoring of possible risks which may impact delivery of SSF projects along with proposed mitigations. The current uncertain economic

climate and increasing inflation, together with ongoing impacts experienced following Covid-19 pandemic and Brexit will potentially risk the cost of delivery and value of benefits anticipated by projects. The risk of any cost overruns is passed to the respective lead local authority through the grant agreements in place.

- 8.4. All SSF Projects included in appendices A and B now have a grant agreement in place, with the exception of the SECEN Creative Open Workspace Masterplan and Prospectus where the grant agreement is in progress following the change request endorsed at the March meeting of the Board and approved by the SELEP CEO.

## **9. Appendices, Supporting Documents and previous Decisions**

- 9.1. Appendix A - Summary of SSF Projects with Board Endorsement
- 9.2. Appendix B – Delivery Updates and RAG rating for current projects
- 9.3. Appendix C – Project Change Request for Accelerating Nature-Based Climate Solutions project

For further information contact Howard Davies, SELEP Capital Programme Officer  
([howard.davies@southeastlep.com](mailto:howard.davies@southeastlep.com))

## Item 7: Capital Programme Update

### Executive Summary

#### 1. Overview

- 1.1. This report provides the Strategic Board (the Board) with details of projects where Local Growth Fund (LGF) spend has extended beyond the Growth Deal period and where Getting Building Fund (GBF) spend has extended beyond 31 March 2022. The report also provides an update on the overall position of the LGF and GBF programmes and the status of all high risk projects within both programmes.
- 1.2. The Board is asked to approve the spend of any LGF beyond 30 September 2021, and the spend of any GBF beyond 31 March 2022. One LGF project is brought forward for consideration by the Board with regard to LGF spend beyond September 2021 at this meeting, meaning the total number of projects spending LGF beyond 30 September 2021 is 27. 8 GBF projects are brought forward for Board consideration at this meeting – seven of these projects are seeking approval for retention of GBF funding beyond 30 September 2022 having previously received approval for retention of funding for an additional six months beyond 31 March 2022, whilst one project is seeking approval for retention of funding beyond 31 March 2022. These requests bring the total number of projects due to spend GBF funding beyond 31 March 2022 to 14.

#### 2. Decisions: Board is recommended to:

- 2.1. **Agree** LGF spend beyond 30 September 2021 for the i3 Innovation Investment Loan Scheme project
- 2.2. **Agree** GBF spend beyond 31 March 2022 for the following project:
  - 2.2.1. Food Street, Eastbourne – project completion July 2022
- 2.3. **Agree** GBF spend beyond 30 September 2022 for the following projects:
  - 2.3.1. UTC Maritime and Sustainable Technology Hub, Newhaven – expected completion March 2023
  - 2.3.2. Tendring Bikes and Cycle Infrastructure – expected completion December 2022
  - 2.3.3. Swan Modular Housing Factory, Basildon – expected completion March 2024
  - 2.3.4. Jaywick Market and Commercial Space – expected completion March 2023
  - 2.3.5. Romney Marsh Employment Hub – expected completion January 2023
  - 2.3.6. Better Queensway, Southend – expected completion January 2033 (wider regeneration programme)
  - 2.3.7. No Use Empty South Essex – expected completion of GBF spend March 2023

#### 3. Rationale for Decisions

- 3.1. All the LGF funding received by Essex County Council (as Accountable Body for SELEP) from Central Government has been distributed to local partners to support delivery of the LGF programme. When the LGF funding allocated to the i3 Innovation Investment Loan Scheme was



transferred to Kent County Council, it was expected that the LGF funding would be fully spent by the end of September 2021, in accordance with the extended Growth Deal period previously agreed by the Board.

- 3.2. It has now been reported that LGF spend on the i3 Innovation Investment Loan Scheme project has extended beyond September 2021 and therefore Board endorsement is required, in line with the conditions for extended LGF spend as previously agreed by the Accountability Board. The project has been considered by the Accountability Board, who have agreed that LGF spend can continue beyond 30 September 2021, subject to Board endorsement.
- 3.3. If Board endorsement is not received, it will not be possible to action the decision by Accountability Board to allow LGF spend beyond 30 September 2021 for the i3 Innovation Investment Loan Scheme project. As a result, it is likely that the return of some of the LGF funding allocation to the project will be required which will impact on project delivery.
- 3.4. At the outset of the GBF programme, there was a clear expectation from Central Government that the GBF funding should be spent in full by 31 March 2022. This expectation was a key factor when the Board considered the prioritisation of the GBF project submissions and led the Accountability Board to carefully consider any risks to project delivery when taking the final funding decisions.
- 3.5. Subsequently, it has been indicated by local partners that a number of GBF projects have been unable to fully spend their GBF allocations by 31 March 2022 due to the occurrence of unforeseen complications or delays during project delivery. In July 2021, Accountability Board agreed that GBF funding could be retained against projects beyond 31 March 2022 in exceptional circumstances, subject to compliance with a number of conditions and criteria. Furthermore, in May 2022, the Accountability Board agreed that all projects forecasting GBF spend beyond March 2022 must meet a number of conditions designed to ensure timely completion of the GBF programme. The projects outlined in this report were considered against the requirements agreed by the Accountability Board in May 2022 to inform recommendations made to the Accountability Board.
- 3.6. The eight GBF projects outlined in this report were considered by Accountability Board in September 2022. It was agreed that GBF funding could be retained against the Food Street project beyond March 2022, subject to Board endorsement. A further extension to the retention of GBF funding allocated to the other seven projects was also agreed, with funding now being retained beyond September 2022, subject to Board endorsement.
- 3.7. If Board endorsement is not provided, the Food Street project will be removed from the GBF programme and the funding will be reallocated to alternative projects through the new GBF prioritised project pipeline, as the project is no longer able to deliver by 31 March 2022 as originally expected.
- 3.8. If Board endorsement is not provided for the other seven projects detailed in the report, the GBF funding which remained unspent at 30 September 2022 will need to be returned to Essex County Council (as Accountable Body for SELEP) for reallocation to alternative projects. In addition, a review of the projects will be undertaken to determine whether there is a requirement for any of the remaining GBF funding awarded to the projects to be returned to the Accountable Body for reallocation. Return of any GBF funding will impact on the ability of the projects to deliver in accordance with their agreed Business Cases.

## Further Information

### 4. Decision 1: Agree LGF spend beyond 30 September 2021 for the i3 Innovation Investment Loan Scheme project

- 4.1. The Board has previously agreed that LGF spend on 26 projects can extend beyond 30 September 2021. There is one further project, the i3 Innovation Investment Loan Scheme project, for which LGF spend has extended beyond September 2021.

*Table 1: Summary of the i3 Innovation Investment Loan Scheme project*

Summary of projects seeking approval for LGF spend beyond 30 September 2021 (£m)							
Project name	Total LGF allocation	LGF spend to end of 2020/21	LGF spend - Q1 and Q2 2021/22	LGF spend - Q3 and Q4 2021/22	LGF spend forecast - 2022/23	Expected completion date in Business Case	Updated expected completion date
i3 Innovation Investment Loan Scheme	6.000	5.644	0.000	0.000	0.356	Mar-21	Mar-23

- 4.2. The project seeks to provide loan and equity investment to small businesses with the appetite and potential for long-term growth. £5.644m was issued to projects as set out in the Business Case prior to the end of March 2021. An application for the remaining £0.356m was received by Kent County Council and was progressing through the review process, with an expectation that the funding would be issued prior to the end of September 2021. However, following the completion of the application and review process, the applicant eventually took the decision to decline the loan resulting in a delay to completion of the project.
- 4.3. Kent County Council have taken steps to engage with other potential applicants and a pre-application has been received and approved. Submission of the full application was expected on 15 September 2022, and assuming all required assessments are completed satisfactorily, and the application is approved by the Investment Advisory Board, it is expected that the remaining funding will be defrayed to the new loan applicant in March 2023.
- 4.4. More details on this project and the reasons for the delay to project delivery are outlined in Appendix A.

### 5. Decision 2: Agree GBF spend beyond 31 March 2022 for the Food Street, Eastbourne project

- 5.1. In July 2021, the Accountability Board agreed SELEP's position on the retention of GBF funding against projects beyond 31 March 2022. As outlined at the October 2021 Board meeting, the Accountability Board agreed that GBF funding could be retained against projects subject to certain criteria and conditions being satisfied.
- 5.2. Subsequently in May 2022, following a review of all projects which had received approval for retention of their GBF funding beyond March 2022, the Accountability Board agreed a set of requirements which needed to be met by all projects forecasting GBF spend beyond March 2022. These requirements were set out in the Capital Programme Update report provided at the June 2022 Board meeting.
- 5.3. 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 as there was an

expectation for projects to complete GBF spend by the date agreed by the Accountability Board under the terms of the extension granted to each individual project. However, given that the Food Street project was not awarded GBF funding until February 2022, it was decided to use the requirements agreed in May 2022 as the basis for the assessment of the request to retain GBF funding beyond March 2022.

- 5.4. The Board has previously agreed that GBF funding can be retained against 13 projects beyond 31 March 2022. It has previously been agreed that the Riding Sunbeams Solar Railways and Laindon Place projects could retain their GBF funding beyond March 2022, however, as the projects have now been removed from the GBF programme, they have not been included within the 13 projects referenced. There is one further project for which GBF spend is now forecast to extend beyond March 2022.
- 5.5. The Board are asked to approve GBF spend beyond 31 March 2022 for the Food Street, Eastbourne project.

*Table 2: Summary of projects seeking approval for GBF spend beyond 31 March 2022*

Summary of project seeking approval for GBF spend beyond 31 March 2022 (£m)						
Project name	Total GBF allocation	GBF spend to end of 2020/21	GBF spend - 2021/22	GBF spend forecast - 2022/23	Expected completion date in Business Case	Updated expected completion date
Food Street, Eastbourne	0.100	0.000	0.000	0.100	Mar-22	Jul-22

- 5.6. The award of £0.1m GBF funding to the Food Street, Eastbourne project was approved by the Accountability Board on 11 February 2022. At the time of the funding award, it was reported that the project would be completed, and the full GBF funding allocation spent by 31 March 2022.
- 5.7. The GBF funding awarded to the project was transferred to East Sussex County Council, as responsible Upper Tier Local Authority, prior to the end of 2021/22 as per the decision taken by the Accountability Board. However, the necessary back-to-back agreement between East Sussex County Council and Eastbourne Borough Council was not completed by 31 March 2022 and therefore expenditure in 2021/22 could not be claimed against the GBF funding allocation as originally intended.
- 5.8. It was originally reported that delivery of the Food Street project had been completed prior to the end of March 2022, and therefore further work was required in order to determine whether the GBF funding allocation could still be applied to the project given the delay in completing the required back-to-back agreement.
- 5.9. It has subsequently been confirmed that the project was not completed prior to 31 March 2022. As work continued on the project beyond 31 March 2022, it is now intended that the GBF funding will be applied against expenditure incurred in 2022/23. It has been confirmed that the project was completed in July 2022 and evidence of expenditure has been provided to East Sussex County Council.
- 5.10. A request to retain the GBF funding allocation against the project beyond March 2022 for a period of 7 months has been agreed by the Accountability Board, subject to endorsement by the Board. This extension is required to ensure that there is sufficient time for the funding to be issued to Eastbourne Borough Council by East Sussex County Council.

5.11. More details on this project and the reasons for the delay to project delivery are outlined in Appendix B.

## 6. Decision 3: Agree GBF spend beyond 30 September 2022 for the seven projects listed in 6.3 below

- 6.1. The projects set out in this section of the report have previously been granted approval for retention of their GBF funding allocations beyond 31 March 2022 for a maximum period of 6 months, in accordance with the process agreed by the Accountability Board in July 2021.
- 6.2. The projects have experienced further delays or complications which have impacted on their delivery programmes and have resulted in the need for the GBF funding to be retained against the projects beyond 30 September 2022. These requests for retention of the GBF funding have been assessed against the requirements agreed by the Accountability Board in May 2022, as referenced at Section 5.2 of this report.
- 6.3. The Board are asked to approve GBF spend beyond 30 September 2022 for the following seven projects:
- 6.3.1. UTC Maritime and Sustainable Technology Hub, Newhaven
  - 6.3.2. Tendring Bikes and Cycle Infrastructure
  - 6.3.3. Swan Modular Housing Factory, Basildon
  - 6.3.4. Jaywick Market and Commercial Space
  - 6.3.5. Romney Marsh Employment Hub
  - 6.3.6. Better Queensway, Southend
  - 6.3.7. No Use Empty South Essex

*Table 3: Summary of projects seeking approval for GBF spend beyond 30 September 2022*

Summary of project seeking approval for GBF spend beyond 30 September 2022 (£m)							
Project name	Total GBF allocation	GBF spend to end of 2020/21	GBF spend - 2021/22	GBF spend forecast - Q1 and Q2 2022/23	GBF spend forecast - Q3 and Q4 2022/23	Expected completion date in Business Case	Updated expected completion date
UTC Maritime and Sustainable Technology Hub	1.300	-	-	-	1.300	Mar-22	Mar-23
Tendring Bikes and Cycle Infrastructure	2.300	-	0.519	0.239	1.542	Mar-22	Dec-22
Swan Modular Housing Factory, Basildon	4.530	1.045	1.421	0.606	1.458	Mar-24	Mar-24
Jaywick Market and Commercial Space	1.972	-	0.244	0.504	1.224	Mar-22	Mar-23
Romney Marsh Employment Hub	3.536	-	2.786	0.551	0.200	Feb-22	Jan-23
Better Queensway, Southend	4.200	-	2.287	0.913	1.000	Jan-33	Jan-33
No Use Empty South Essex	1.200	-	-	0.550	0.650	Mar-22	Mar-23

### UTC Maritime and Sustainable Technology Hub

- 6.4. As the Board are aware, delivery of the UTC Maritime and Sustainable Technology Hub project has been significantly delayed due to complex land ownership matters which took longer than anticipated to resolve. These issues have now been resolved and the UTC building has been acquired by Lewes District Council.

- 6.5. Work has now commenced onsite and significant progress has been made on the recommissioning of all elements of the building following a prolonged period of closure. This work has included ensuring that everything is statutory compliant and that any health and safety issues are addressed. In addition, Lewes District Council are working with prospective tenants to finalise the scope of internal works needed to meet tenant specifications.
- 6.6. It was expected that, following resolution of the land ownership matters in June 2022, the GBF funding would be spent in full during Q2 2022/23. However, Lewes District Council have subsequently advised that this could not be achieved, in part due to delays experienced in obtaining required construction materials. As a result, a request for retention of the GBF funding against the project for a further period of 3 months, to 31 December 2022, was submitted.
- 6.7. Whilst the acquisition of the building represented the most significant risk to project delivery, Lewes District Council have identified a lack of demand for the space within the new Hub as a potential risk. However, Lewes District Council have commissioned a Utilisation Optimisation Study for the building, and this has confirmed that there is likely to be good demand for space in the new Hub. Work to finalise the utilisation optimisation for the building is ongoing, with a view to meeting the aims of the GBF funding whilst also providing wider community and business benefits required to support regeneration.

#### Tendring Bikes and Cycle Infrastructure

- 6.8. Delivery of the cycle infrastructure element of the project was initially delayed due to the need for some of the elements of the proposed cycle route to be redesigned to address comments raised during the stakeholder engagement and public consultation exercise. When the Accountability Board considered the original request for retention of GBF funding beyond March 2022, it was expected that the redesign work would be completed by March 2022. This would have allowed construction of the cycle infrastructure to take place between May and September 2022 ensuring spend of the GBF funding allocation within the six month extension granted.
- 6.9. Tendring District Council have subsequently advised that it wasn't possible for the redesign work to be completed by March 2022 due to two main factors – the scale of the redesign required and resource constraints in Spring 2022 as a direct result of the COVID-19 pandemic. This in turn delayed the procurement of a construction contractor, which delayed the start of works onsite. This delay has been further compounded by issues within the materials supply chain which, as widely reported, are resulting in longer lead in times than would normally be expected.
- 6.10. Construction commenced onsite in August 2022, with completion expected by early 2023. As a result of the delays experienced in progressing the project, a request for retention of the GBF funding against the project for a further period of 6 months, to 31 March 2023, was submitted.
- 6.11. Whilst the project is now progressing onsite, Tendring District Council have identified five remaining risks to project delivery, including discovery of asbestos, increasing construction costs due to rising materials costs, adverse weather impacting on the construction programme and impacts on the delivery programme as a result of COVID-19 enforced absences. Mitigation measures have been identified in relation to each of these risks, and the Accountability Board will continue to receive regular updates on delivery of the project until it reaches completion.

#### Swan Modular Housing Factory

- 6.12. Delivery of the Swan Modular Housing Factory project was initially delayed as a result of extended lead in times for some items, alongside increasing prices which meant that in some cases alternative solutions needed to be identified to ensure that project delivery could progress.

- 6.13. It has been reported that lead-in times for some items have continued to prove challenging due to a combination of procurement complexity caused by Brexit and a global shortage of some items, including electronics and steel. In addition, a new issue with the concrete floor within the factory has been identified. The floor was due to be marked out and safety barriers installed to demarcate pedestrian gangways and safe routes for mechanised vehicles, when it was noticed that the concrete floor was uneven. It is essential that this issue is rectified now to ensure the smooth running of the factory once commissioned.
- 6.14. The determination of the correct rectification approach and the completion of these works has resulted in a delay in the fit out of at least 5 months. As a result of these delays, a request for retention of the GBF funding against the project for a further period of 6 months, to 31 March 2023, was submitted.
- 6.15. The primary risk to project delivery is the need to rectify the issues with the concrete floor. Work is ongoing to identify the correct course of action to address the problem and specialist contractors have been identified to take forward the agreed course of action once determined. It remains unclear what the recommended course of action will be and therefore the timeline for rectifying the issue cannot be confirmed. The 6 month extension requested has been based on the worst case scenario which would require the replacement of the whole section of floor. If repairs are possible, rather than replacement, the delay to project delivery should be reduced.
- 6.16. It should also be noted that the project does not fully meet the requirements agreed by the Accountability Board in May 2022. The Accountability Board agreed that contractual commitments should be in place by 30 September 2022 at the latest, to ensure delivery of projects could be achieved by 31 March 2023. It has been identified that steel transport frames remain subject to tender, and it is noted that it is expected that all orders will be placed by 31 December 2022. This delay in progressing the tender process for the steel transport frames, in conjunction with the identified global shortage of steel and the long lead in times, does increase the risk that it will not be possible for the GBF funding allocation to be spent in full by 31 March 2023 as required.

#### Jaywick Market and Commercial Space

- 6.17. Delivery of the Jaywick Market and Commercial Space project was originally delayed as a result of additional work needed to review the design for the project in an effort to reduce the total project cost. The project was further delayed when tender submissions received from construction contractors were significantly higher than anticipated, resulting in a funding gap in excess of £2m. Additional funding was secured to bridge this gap and work commenced onsite in May 2022, with full spend of the GBF funding expected by 30 September 2022.
- 6.18. Following commencement of the construction work onsite, both asbestos and unexpected ground obstructions were discovered. The asbestos and ground obstructions have been excavated and removed safely from the site of the building, but this has delayed delivery of the project. This delay has been compounded by the unavailability of plant needed to deliver the piling. In addition, there remains a concern that the current shortage of materials being experienced in the United Kingdom and the delays in receiving them will continue to add pressure to the timeline. It is now expected that the project will be complete and the building ready for use in late March 2023.
- 6.19. As a result of these delays, a request for retention of the GBF funding against the project for a further period of 6 months, to 31 March 2023, was submitted.

### Romney Marsh Employment Hub

- 6.20. The initial delay to project delivery was due to statutory utility companies working to longer than expected timescales when considering requests for information or approvals for proposed works. These extended response times resulted in the utility infrastructure works element of the project being delayed.
- 6.21. Since the original request for retention of the GBF funding beyond March 2022 was considered by the Accountability Board, delivery of the project has progressed, but it has continued to be affected by delays in bringing forward the required utility infrastructure works.
- 6.22. There is a requirement for a 2 stage approval of the utility designs from the Distribution Network Operator (DNO) (companies that own and operate the electricity or gas infrastructure that connects properties to the national grid). The designs were submitted in late May 2022, and the first stage approval was received in late June 2022. It was expected that it would take a maximum of 2 weeks for the second stage approval to be received but this approval was not received until 12 August 2022.
- 6.23. The electricity to the site cannot be turned on until electrical substation switch gear has been installed. The switch gear could not be ordered until the utility designs were approved by the DNO and upon placing the order, it was discovered that there was a 20 week lead in time for the item. This delay has resulted in project completion being delayed until January 2023.
- 6.24. Due to the delays experienced, a request for retention of the GBF funding against the project for a further period of 4 months, to 31 January 2023, was submitted.
- 6.25. The project is substantially complete, and the only remaining risk to project delivery is the switch gear which is required to turn on electricity at the site.
- 6.26. It should, however, be noted that the project does not fully meet the requirements agreed by the Accountability Board in May 2022. The Accountability Board agreed that all required consents and approvals should be received by 15 July 2022 at the latest, to ensure delivery of projects could be achieved by 31 March 2023. As referenced above, the required utilities approvals were not received until 12 August 2022.

### Better Queensway, Southend

- 6.27. The delivery of the Better Queensway project was originally delayed due to it taking longer than anticipated to secure the required planning consent and delays to procurement due to utility companies requiring longer than usual lead-in times.
- 6.28. Despite the uncertainty regarding the ongoing deliverability of the wider project caused by the change in status of Swan Housing, as detailed in Section 7.18 of this report, work has continued to progress the GBF funded elements of the project and it was expected that £3.2m of the £4.2m GBF allocation would be spent by 30 September 2022.
- 6.29. The remaining £1m GBF will be spent on demolition of a footbridge, diversion of a gas main and the acquisition of projects required to enable delivery of the project. The demolition of the footbridge and the gas main diversion have been commissioned but work has not yet commenced onsite due to supply chain and resource issues. These works are currently scheduled to take place during October and November 2022.
- 6.30. Due to the delays experienced, a request for retention of the GBF funding against the project for a further period of 6 months, to 31 March 2023, was submitted. This extension will ensure that

there is some contingency within the programme for the demolition of the footbridge and the diversion of the gas main in case of any further delays.

- 6.31. It is reported that the total project cost has increased since the submission of the Business Case and the consideration of award of funding to the project by the Accountability Board. At this stage, the scale of the cost increase is unknown, and it is unclear whether this increase in cost will be met through public or private sector funding.
- 6.32. At the time of GBF funding award, the Benefit Cost Ratio (BCR) for the project was reported to be 3:1 based on consideration of all public sector funding secured to support project delivery. It should be noted that an increase in project benefits of an additional 93 new homes has been reported, which will partially offset the impact of any cost increase on the BCR.
- 6.33. Given the lack of information currently available with regard to the scale of the cost increase, to which element of the wider project it applies and as to how this cost increase will be funded, it is not currently possible to confirm that the project still offers High value for money. However, it should be noted that the Better Queensway project is also in receipt of £15m from Central Government through the Housing Infrastructure Fund and is therefore subject to value for money obligations outlined by Government.

#### No Use Empty South Essex

- 6.34. The launch of the No Use Empty South Essex project was initially delayed because of the COVID-19 restrictions, including lockdowns, which were implemented by Central Government. 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.
- 6.35. The No Use Empty South Essex project was officially launched in April 2022, and a number of applications for funding have been received. A request for retention of the GBF funding against the project for a further period of 6 months, to 31 March 2023, was submitted due to the longer than anticipated duration of the required loan assessment and approval process. This process is, on average, taking a period of 18 weeks to complete.
- 6.36. The primary outstanding risk to delivery of the project relates to the uncertainty regarding the level of demand for the No Use Empty loans within South Essex. Southend-on-Sea City Council have indicated that a number of applications have been withdrawn from the process due to the current economic climate, resulting in a reduced pipeline for the No Use Empty Scheme at the current time. However, a number of enquiries have been received which Southend-on-Sea City Council are confident will lead to applications ensuring that the GBF funding allocation is fully utilised.
- 6.37. More details on these projects and the reasons for the delay to project delivery are outlined in Appendix B.

## **7. Additional information**

### Changes to the GBF programme

- 7.1. The Laindon Place development will see a new high street for Laindon with 25,000ft<sup>2</sup> of new retail space, new landscaped public realm, street parking, a new larger supermarket, 224 new homes and an expanded new health centre. The GBF funding was awarded to help support the delivery of electric vehicle charging points, installation of shop frontages and delivery of high-quality public realm.



- 7.2. The project was awarded £790,000 GBF funding in March 2021 and the full GBF allocation remains unspent. This funding is currently being held by Essex County Council (as responsible Upper Tier Local Authority).
- 7.3. The Laindon Place project has been subject to a number of delays since the GBF funding was awarded, including the need for redesign work due to changes in legislation and delays in securing approval from the Highways Authority and in securing planning consent for the updated designs.
- 7.4. The GBF funding was due to be used to deliver the finishing touches to the wider project, as set out above. However, due to the delays experienced in progressing the wider project, the delivery partner (Swan) confirmed that they would be unable to spend the GBF funding on the works set out in the Business Case within the required timeframe. As a result, the Accountability Board agreed the removal of the project from the GBF programme at their meeting on 23 September 2022.

#### Financial position – LGF and GBF

- 7.5. As the Board will recall, SELEP was required to provide confirmation to Central Government that all the LGF funding would be contractually committed and spent by 31 March 2021 to secure receipt of the final tranche of the LGF funding. In reality, it was not possible to spend the full remaining balance of the LGF on the approved projects in 2020/21 and therefore the Accountability Board agreed that SELEP should use the ‘freedoms and flexibilities’ afforded by Central Government to transfer the unspent LGF to local partners’ own capital programmes prior to the end of 2020/21. This would then allow partners to fund LGF projects in later years.
- 7.6. In accordance with this decision all LGF funding received from Central Government has been distributed to local partners to support delivery of the LGF programme. Delivery of the ongoing LGF projects and spend of the funding transferred to local partners will continue to be monitored until all projects have reached completion.
- 7.7. Central Government awarded SELEP a GBF allocation of £85m—£42.5m of this was transferred to Essex County Council (as Accountable Body for SELEP) in 2020/21 with the balance transferred in 2021/22. In accordance with Government requirements, the full £42.5m GBF allocation received in 2020/21 was transferred to local partners prior to the end of that financial year. Delivery of the GBF projects has progressed more slowly than originally anticipated, and GBF spend on project delivery during 2020/21 totalled only £13.550m. A further £50.666m of the GBF funding has been reported as spent during 2021/22, leaving an unspent balance of £20.784m as at 31 March 2022.
- 7.8. In accordance with Government requirements, and in line with the decisions taken by the Accountability board in February 2022, the remainder of the GBF allocation was transferred to local partners prior to 31 March 2022. However, it should be noted that following the removal of the Riding Sunbeams Solar Railways and Laindon Place projects, £3.3175m of the GBF funding will be returned to the Essex County Council (as Accountable Body for SELEP).
- 7.9. To date 25 of the 40 projects which remain in the GBF programme have fully spent their GBF funding allocation. The remaining projects have received approval for retention of their GBF funding allocation beyond March 2022.
- 7.10. 15 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.

7.11. Delivery of the ongoing GBF projects and spend of the funding transferred to local partners will continue to be monitored until all projects have reached completion.

High risk projects – LGF and GBF

7.12. There are 8 projects within the LGF programme which have been identified as High Risk, with a risk score of 5 out of 5. This risk score has been based on an assessment of deliverability, financial position and reputational risk, in line with guidance from Central Government.

7.13. Projects with a risk score of 5 are listed in Table 4 below and an individual update is set out in Appendix A.

*Table 4: High Risk LGF projects*

Project Name	Scheme Promoter	Total LGF allocation (£m)	LGF spend to end 2020/21 (£m)	LGF spend in 2021/22 (£m)	LGF spend forecast - 2022/23 and beyond (£m)	Main project delivery constraint
Queensway Gateway Road	East Sussex	10.000	10.000	-	-	Land acquisition required for several parcels of land to enable completion of the project as originally planned.  Delivery of alternative signalised connection is dependent upon receipt of National Highways design approval and completion of a S278 agreement
A127 Fairglens Junction Improvements, Essex	Essex	15.000	1.500	-	13.500	Awaiting DfT approval of the Business Case
A28 Chart Road, Kent	Kent	2.760	2.760	-	-	Awaiting release of S106 funding to enable the delivery of the project
A28 Sturry Link Road	Kent	5.900	1.109	0.119	4.672	Required land acquisition is ongoing
A289 Four Elms roundabout to Medway Tunnel	Medway	1.820	1.820	-	-	HIF funding is being used to deliver project and the HIF works are currently still at consultation stage
London Gateway/Stanford-le-Hope, Thurrock	Thurrock	7.500	7.500	-	-	Planning permission is outstanding for Phase 2. Revised Business Case required due to increased costs and uncertainty regarding benefit realisation
A13 Widening, Thurrock	Thurrock	81.500	81.500	-	-	Project programme and costs have differed significantly from position set out in Business Case
Grays South	Thurrock	10.840	4.490	0.651	5.699	Project costs have increased significantly, land acquisition is ongoing and the project is subject to GRIP process

7.14. The Accountability Board continue to receive regular updates on all projects identified above.

7.15. There are 8 projects within the GBF programme which have been identified as High Risk, with a risk score of 5 out of 5. The same criteria have been used to calculate these risk scores as was applied to the LGF projects.

7.16. Projects with a risk score of 5 are listed in Table 5 below and an individual update is set out in Appendix B.

*Table 5: High Risk GBF projects*

Project Name	Scheme Promoter	Total GBF allocation (£m)	GBF spend to end 2020/21 (£m)	GBF spend reported - 2021/22 (£m)	GBF spend forecast - 2022/23 (£m)	Main project delivery constraint
UTC Maritime and Sustainable Technology Hub	East Sussex	1.300	-	-	1.300	Project is unable to spend full GBF allocation by 30 September 2022 as previously agreed by the Accountability Board
Food Street, Eastbourne	East Sussex	0.100	-	-	0.100	Project is unable to spend full GBF allocation by 31 March 2022
Tendrings Bikes and Cycle Infrastructure	Essex	2.300	-	0.519	1.781	Project is unable to spend full GBF allocation by 30 September 2022 as previously agreed by the Accountability Board
Jaywick Market and Commercial Space	Essex	1.972	-	0.244	1.728	Project is unable to spend full GBF allocation by 30 September 2022 as previously agreed by the Accountability Board
Swan Modular Housing Factory	Essex	4.530	1.044	1.421	2.064	Project is unable to spend full GBF allocation by 30 September 2022 as previously agreed by the Accountability Board
Romney Marsh Employment Hub	Kent	3.536	-	2.786	0.751	Project is unable to spend full GBF allocation by 30 September 2022 as previously agreed by the Accountability Board
Better Queensway	Southend	4.200	-	2.287	1.913	Project is unable to spend full GBF allocation by 30 September 2022 as previously agreed by the Accountability Board
South Essex No Use Empty	Southend	1.200	-	-	1.200	Project is unable to spend full GBF allocation by 30 September 2022 as previously agreed by the Accountability Board

7.17. The projects listed in Table 5 have all been flagged as High Risk due to the submission of requests for retention of their GBF funding allocations beyond either March or September 2022. The reasons for these requests are outlined earlier in the report.

7.18. The Better Queensway project has been identified as High Risk since February 2022, when SELEP first became aware of the decision by the Regulator for Social Housing to downgrade Swan Housing's viability and governance grades. The project is being delivered as a joint venture between Southend-on-Sea City Council and Swan Housing. As a result of the decision by the Regulator for Social Housing, 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.

7.19. In addition, it was noted that Swan Housing had announced a planned partnership with Orbit, which if agreed was expected to complete in late 2022.

7.20. The Accountability Board agreed that the GBF funding awarded to the project could be released to Southend-on-Sea City Council in March 2022 subject to receipt of confirmation from the Council that the wider project would proceed as planned following the Regulator for Social Housing's decision to downgrade Swan Housing's viability and governance grades and Swan Housing's planned partnership with Orbit. It was agreed that if the project was unable to proceed as planned, the GBF funding would need to be returned to Essex County Council (as Accountable

Body for SELEP) for reallocation to alternative projects.

- 7.21. In September 2022, the Accountability Board received assurances from Southend-on-Sea City Council that the project would proceed as planned. It was also indicated at the same meeting, that the proposed partnership between Swan Housing and Orbit was scheduled to formally complete on 1 October 2022, with a proposed 'go live' date of 3 October 2022.
- 7.22. Since the Accountability Board meeting, Orbit have released a statement indicating that following a lengthy and detailed due diligence process, partnership discussions with Swan Housing Association have ceased. It is understood that Swan Housing are now in discussions with Sanctuary about a potential merger.
- 7.23. In light of the current status of Swan Housing and the decision by Orbit to not proceed with the planned partnership, the Better Queensway project will continue to be ranked as High Risk and further assurances will be sought from Southend-on-Sea City Council with regard to the ongoing deliverability of the project. At their November 2022 meeting, the Accountability Board will be asked to reconsider whether the condition attached to the release of the remaining GBF funding allocated to the project has been satisfied.
- 7.24. The Accountability Board will continue to receive regular updates on all GBF projects identified as High Risk.

#### LGF and GBF project pipelines

- 7.25. The Board agreed a pipeline of LGF projects on 11 December 2020. This pipeline consists of existing LGF projects which have reported a funding gap, either due to cost increases or loss of local funding sources due to the impacts of the COVID-19 pandemic. Funding has been awarded to the first 12 projects on the pipeline and the remaining projects continue to be presented to the Accountability Board for consideration should any further funding be returned to SELEP for reallocation.
- 7.26. The Board agreed a pipeline of GBF projects in March 2021. However as indicated at the last Board meeting, following the award of funding to 5 new GBF projects in February 2022 and the withdrawal of the Braintree Active Travel project, the pipeline has been exhausted. Work to develop a new GBF prioritised project pipeline which focuses on supporting existing GBF projects which have experienced cost increases due to the COVID-19 pandemic, Brexit and current high inflation levels or on supporting delivery of further phases of existing projects, has been ongoing. It is expected that the new GBF prioritised project pipeline will be agreed at this meeting under Agenda Item X.
- 7.27. The new pipeline will be used to inform the reallocation of the £3.3175m GBF funding released following the removal of the Riding Sunbeams Solar Railways and Laindon Place projects from the GBF programme. Subject to the pipeline being agreed at this meeting, the award of the available GBF funding will be considered by the Accountability Board at their meeting on 25 November 2022.

#### Growing Places Fund (GPF)

##### No Use Empty Commercial Phase II

- 7.28. The No Use Empty Commercial Phase II project was awarded £2m GPF in February 2021. The funding was awarded to support the continuation of the No Use Empty Commercial scheme which aims to return long-term empty commercial properties to use, either as residential, alternative commercial use or for mixed-use purposes.

- 7.29. The approved Business Case indicated that the GPF funding would be drawn down in 2021/22 (£0.75m), 2022/23 (£0.75m) and 2023/24 (£0.5m). In February 2022, the Accountability Board agreed the accelerated drawdown of the £0.75m GPF scheduled for drawdown in 2022/23, and this funding was transferred to Kent County Council prior to the end of March 2022 to support delivery of the project.
- 7.30. Subsequently, in July 2022, the Accountability Board were advised that there continued to be strong demand from property owners for the No Use Empty Commercial scheme and, as a result, Kent County Council had requested accelerated drawdown of the remaining £0.5m GPF funding. The Accountability Board approved the accelerated drawdown of funding for the project and the remaining balance was transferred to Kent County Council in August 2022.

#### Eastbourne Fisherman's Quayside and Infrastructure Development project

- 7.31. The Eastbourne Fisherman's Quayside and Infrastructure Development project was awarded £1.15m GPF in December 2017. The funding was awarded to support the build of a Fisherman's Quay in Sovereign Harbour, to develop local seafood processing infrastructure to support long term sustainable fisheries and the economic viability of Eastbourne's inshore fishing fleet.
- 7.32. As reported at the last meeting, a repayment of £250,000 was due to be made against the project prior to the end of 2021/22. However, in March 2022, SELEP were advised that it would only be possible for a repayment of £100,000 to be made against the project prior to the end of the financial year. This repayment was received in March 2022, leaving a balance of £825,000 owing on the loan.
- 7.33. The GPF loan agreement in place between Essex County Council (as the Accountable Body for SELEP) and East Sussex County Council states that interest is chargeable on the loan at a rate of 2% below the Public Works Loan Board (PWLB) fixed standard new loan interest rate. At the time of preparing the loan agreement, the PWLB interest rate was 1.99% and therefore no interest was chargeable on the loan. However, the loan agreement indicates that the 2% discount on the PWLB interest rate ceases to apply when the Borrower (East Sussex County Council) does not make a repayment on the date specified in the repayment schedule. As a reduced repayment was made in March 2022, interest is now chargeable on the balance of the loan until the repayments are brought back into alignment with the agreed repayment schedule. It was expected that a revised repayment schedule would be brought forward for consideration by the Accountability Board in September 2022.
- 7.34. Since the last meeting, the Eastbourne Fisherman's Under 10m Community Interest Company (CIC) (delivery partner and recipient of the GPF funding) have been taking steps to develop a robust revised repayment schedule and have worked with Locate East Sussex to prepare a comprehensive and viable new Business Plan. The Business Plan and associated financial plan, which includes a proposed revised repayment schedule for the GPF loan, have been provided to East Sussex County Council for their review. An initial review of the documents has been undertaken by East Sussex County Council officers but further time is needed to ensure that full due diligence can be completed and that Section 151 Officer sign off can be obtained confirming that the proposed revised repayment mechanism and repayment schedule are robust and viable.
- 7.35. It is now expected that a proposed revised repayment schedule will be brought forward for Accountability Board consideration in November 2022. Interest will be chargeable on the loan until either the Accountability Board agree the proposed revised repayment schedule, or an additional repayment is made to bring the project back into alignment with the agreed

repayment schedule.

- 7.36. A number of changes to the repayment schedule for the project have previously been agreed and, as a result, the Board will also be asked to consider the proposed revised repayment schedule in December 2022.

## 8. Next Steps

- 8.1. Delivery of the ongoing LGF projects, including those set out within this report, and spend of the funding transferred to local partners at the end of 2020/21, will continue to be monitored until all projects have reached completion with regular updates provided to the Accountability Board.
- 8.2. For those GBF projects which have received approval for retention of funding beyond 31 March 2022 (including all the projects outlined in this report), project updates will be provided at each Accountability Board meeting to ensure that the projects remain on track to complete GBF spend within the extensions granted and by 31 March 2023 at the latest.
- 8.3. Following a full review of the deliverability of all projects which have received approval for retention of GBF funding beyond March 2022, progress against the requirements agreed by the Accountability Board in May 2022 (as set out in the Capital Programme Update Report provided at the June 2022 Board meeting) will be closely monitored to ensure timely completion of the GBF programme.
- 8.4. At each Accountability Board meeting, an update is provided on the high-risk projects listed in Appendices A and B, with the Board often receiving individual update reports to note progress or to agree next steps.

## 9. Comments from the Accountable Body

- 9.1. Essex County Council, as the Accountable Body, is responsible for ensuring that the funding awarded by Government is utilised in accordance with the conditions set for use of the Grant. LGF, GBF and GPF are all capital grants awarded by Government and are 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.*

In accordance with expectations from Government when the funding was awarded, LGF and GBF are operated as grant schemes, whereas GPF is operated as a recyclable loan scheme.

### **LGF**

- 9.2. To secure the remaining third of the 2020/21 allocation of LGF, the Accountable Body and SELEP confirmed to Government in June 2020, that plans were in place to spend the LGF grant in full by 31 March 2021. This commitment was planned to be met through the transfer of the remaining funding to the respective lead local authority responsible for delivering the Projects under the terms of the SLA or grant agreements in place.
- 9.3. Where LGF is required to be spent beyond 31 March 2021, the agreement enables the Local authorities to either hold the LGF as a ringfenced grant or spend the LGF across their wider capital programme as a capital swap. Where LGF has been applied as a capital swap, during the subsequent financial years, local authorities will use their own capital programme to fund spend on the LGF project.
- 9.4. As all remaining LGF has been transferred in advance to the Local Authorities to support Project



delivery, there is a requirement 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.

- 9.5. Updates to the Board should include ongoing monitoring of possible risks which may impact delivery of LGF projects along with proposed mitigations is essential, due to the current uncertain economic climate and increasing inflation, together with ongoing impacts experienced following Covid-19 pandemic and Brexit.
- 9.6. A number of LGF projects remain as high risk in respect to the delivery of the Project, which whilst is not a risk with respect to the grant conditions, remains a reputational risk for SELEP due to the delay in realisation of the anticipated economic benefits associated with the respective business cases.

#### **GBF**

- 9.7. Should the Board choose not to endorse the extensions of spend of GBF to 31 March 2023 for the recommended Projects, a decision will need to be made by Accountability Board on the future position of those projects, which may include cancellation; any such decisions will be managed through the SLAs in place with the respective partner Authorities to support the GBF programme and may include recovery of GBF spent to date, where conditions for funding can no longer be met.
- 9.8. The grant conditions do not impose an end date for use of the funding, albeit that it was the expectation of Government that all GBF funding was defrayed by 31 March 2022. Therefore, there is reputational risk to SELEP where defrayal of funding and delivery cannot be demonstrated – Government indicated a concern in this respect as part of the Annual Performance Review of LEPs in 2021/22.
- 9.9. As with LGF, and in accordance with the decisions of the Board, all the remaining GBF funding has been transferred in advance to the Local Authorities to support Project delivery, which highlights the requirement 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.
- 9.10. Where projects have been cancelled, the funding is required to be returned to the Accountable Body in line with the agreed SLAs in place. Essex County Council is supporting SELEP to ensure that any returned funding is reallocated in accordance with the decisions of the Board, the Accountability Board and the requirements of the SELEP Assurance Framework.

#### **GPF**

- 9.11. A total of £13.039m GPF was held by the Accountable Body at the end of 2021/22. Of this balance, £8.89m is uncommitted increasing to £14.51m uncommitted balance for 2022/23, should all loan repayments be received in line with current Board decisions and credit agreements in place. There is a risk this balance will drop pending a request to come forward to the Accountability Board for a change to repayment relating to Eastbourne Fisherman's Quayside and Infrastructure Development project, which could drop the available uncommitted balance of GPF to £13.685m for 2022/23.
- 9.12. The existing GPF project pipeline has now been expended, with no further projects due to come forward for consideration of GPF award at this time and no plans for a new round of GPF funding to be launched. Due to ongoing uncertainty from Government regarding the future role of LEP's, it is advised that options for the use of the available balance of GPF will be brought forward for consideration in 2022/23 and decisions made on the future management of GPF as

a recyclable capital loan scheme.

- 9.13. The default in the loan repayment in respect of the Eastbourne Fisherman's Quayside and Infrastructure Development project means that, in accordance with the credit agreement in place, interest will be applicable on the loan until either the default element is repaid or a new repayment schedule is agreed by the Accountability Board.
- 9.14. East Sussex County Council have advised that any interest payable will be passed through to the Eastbourne Fisherman's Under 10m CIC under the terms of the loan agreement between both parties.
- 9.15. The current economic climate means that there is a continued risk that scheduled repayments by existing projects will not be made as planned due to difficulties experienced as a result of Brexit, COVID-19, and economic uncertainty due to the high levels of inflation. All GPF credit agreements include a notice period of 3/4 months where agreed loan repayments are at risk; it is a requirement of the credit agreements that the respective Local Authority that is the recipient of the loan, monitors the repayment position and advises SELEP and the Accountable Body of any potential risks in this respect to enable mitigations to be agreed and implemented.

## **10. Appendices, Supporting Documents and Previous Decisions**

- 10.1. Appendix A: LGF Projects spending beyond 30 September 2021 and a summary of high risk LGF projects
- 10.2. Appendix B: GBF Projects spending beyond 31 March 2022 and a summary of high risk GBF projects
- 10.3. Background documents
  - 10.3.1. [Accountability Board Agenda Pack 15 July 2022](#)
  - 10.3.2. [Accountability Board Agenda Pack 23 September 2022](#)
  - 10.3.3. [Item 8 – London Gateway/Stanford le Hope Update Report – Accountability Board 23 September 2022](#)
  - 10.3.4. [Item 10 – LGF High Risk Projects Update Report – Accountability Board 23 September 2022](#)
- 10.4. For further details contact: SELEP Capital Programme Manager, Helen Dyer ([helen.dyer@southeastlep.com](mailto:helen.dyer@southeastlep.com))



## Item 8: Chair Recruitment Update

### Executive Summary

#### 1. Overview

- 1.1. The purpose of this report is to provide background information for a verbal update to the Board from the Chair Selection Panel.

#### 2. Background information

- 2.1. It was agreed in June 2022 that the Board would delegate the responsibilities of agreeing the job profile/specification and shortlisting criteria to a Selection Panel to allow for a timely process.
- 2.2. Three Directors volunteered to be members of the Selection Panel. The Panel consists of:
  - 2.2.1. Liz Gibney (Chair)
  - 2.2.2. Cllr Keith Glazier
  - 2.2.3. Jeremy Kerswell
- 2.3. The first meeting of the Panel was held virtually on the 5<sup>th</sup> of October 2022.
- 2.4. The Job Description and Person Specification agreed by the Panel are attached at Appendix A, and draft advert at Appendix B.

#### 3. Comments from the Accountable Body

- 3.1. The SELEP Assurance Framework requires that recruitment is conducted in line with the Board Recruitment Policy and is an open, transparent, competitive and non-discriminatory process, with extensive private sector engagement.

#### 4. Appendices, Supporting Documents and Previous Decisions

- 4.1. Appendix A – Job Description and Person Specification
- 4.2. Appendix B – Advert

## Item 9: Appointment of Directors

### Executive Summary

#### 1. Overview

- 1.1. South East LEP Ltd was registered with Companies House on the 2<sup>nd</sup> of March 2020 and in line with the Articles of Association adopted at that time, it is necessary for the South East LEP Ltd Board of Directors to take a resolution to appoint Co-Opted Directors every year.
- 1.2. It was resolved in March 2022 that Graham Butland would be appointed as the Essex District/City/Borough representative for an interim period up to the end of June 2022, to allow more time for a full nomination process.
- 1.3. Essex Local Authority Leaders and CEOs have now chosen their nomination for the remainder of 2022/23.

#### 2. Decisions: Board is recommended to:

- 2.1. The Board is asked to note that the Co-Opted Director seat for a District/City/Borough Council representative for Essex is currently vacant, as Graham Butland was appointed on an interim basis to June 2022. The new nomination will be confirmed at the Essex Leaders and Chief Executives meeting in November 2022.
- 2.2. The Board is asked to note the appointment of Lara Fox as a director representing Success Essex, effective 1<sup>st</sup> October 2022.
- 2.3. The Board is asked to note the appointment of Cllr Stephen George as a director representing Southend City Council.
- 2.4. The Board is asked to note the resignation of Claire Lewis, effective 1<sup>st</sup> October 2022.
- 2.5. As per advice received by the SELEP Secretariat from Opportunity South Essex, the Board is asked to note the removal of Aideen Sadler, effective 4<sup>th</sup> October 2022.

#### 3. Rationale for Decisions

- 3.1. It was agreed at the October 2019 meeting of the Board that five Directors would be appointed on an annual basis, for a period of 12 months. These Directors would represent the following sectors:
  - 3.1.1. City/Borough/District Local Authority
  - 3.1.2. City/Borough/District Local Authority
  - 3.1.3. Social Enterprise
  - 3.1.4. Further Education
  - 3.1.5. Higher Education
- 3.2. It was agreed that the 12-month period served would align with the financial and planning year which runs from April to March.

3.3. The Board composition is currently the following:

Chair	Chris Brodie
Deputy Chair	Sarah Dance
East Sussex County Council	Keith Glazier
Essex County Council	Kevin Bentley
Thurrock Council	Mark Coxshall
Medway Council	Rodney Chambers
Kent County Council	Roger Gough
Southend City Council	Stephen George ( <i>formerly vacant</i> )
Kent and Medway Economic Partnership	Carol Ford
Kent and Medway Economic Partnership	Vince Lucas
Kent and Medway Economic Partnership	Jo James
Kent and Medway Economic Partnership	Liz Gibney
Kent and Medway Economic Partnership	Matthew Arnold
Opportunity South Essex	Perry Glading
Opportunity South Essex	Vacancy ( <i>formerly Aideen Sadler</i> )
Success Essex	Lara Fox ( <i>formerly Claire Lewis</i> )
Success Essex	David Rayner
Team East Sussex	Ana Christie
Team East Sussex	Clive Soper
Team East Sussex	Graham Peters
Further Education	Jeremy Kerswell
Higher Education	Karen Cox
Social Enterprise	Penny Shimmin
District/City/Borough Council	Christine Bayliss
District/City/Borough Council	Vacancy ( <i>formerly Graham Butland</i> )

## Further Information

### 4. Next Steps

- 4.1. Companies House is in the process of being updated to reflect all recent changes to the Board.

### 5. Comments from the Accountable Body

- 5.1. The recommendations are appropriate and are in line with the Assurance Framework and the decisions previously agreed by the Board.

#### Legal implications

- 5.2. The Company will comply with company law requirements in filing the relevant information at Companies House in order to give effect to the recommendations set out in this report. Appointment of directors will be notified to Companies House within 14 days of appointment.

### 6. Appendices, Supporting Documents and Previous Decisions

- 6.1. None

## Item 10: SELEP Statement of Accounts 2021/22 and South East LEP Ltd Statement of Accounts 2021/22

### Executive Summary

#### 1. Overview

- 1.1. The purpose of this paper is to present the audited SELEP Statement of Accounts for financial year ending 31<sup>st</sup> March 2022 to the Strategic Board (the Board) for their consideration; and to approve the South East LEP Ltd Statement of Accounts 2021/22.

#### 2. Decisions: Board is recommended to:

- 2.1. Confirm they have considered the SELEP Statements of Accounts 2021/22 (Appendix B)
- 2.2. Approve the South East LEP Ltd Statement of Accounts 2021/22 (Appendix C)

#### 3. Rationale for Decisions

- 3.1. In the establishment of the articles and governance arrangements to support South East LEP Ltd, it was agreed that none of the financial transactions or assets in relation to SELEP would be operated through the company and that the pre-existing arrangements of financial management by the Accountable Body would continue. It is, however, a requirement under the Companies Act 2006, for accounts to be delivered to Companies House, whether the company is trading or not. As a consequence, two sets of Accounts have been prepared for review by the Board: The SELEP Statement of Accounts, reflecting the financial position managed by the Accountable Body on behalf of SELEP; and the Statement of Accounts of South East LEP Ltd.

#### 3.2. SELEP Statements of Accounts 2021/22

3.2.1. The SELEP Statements of Accounts for 2021/22, included in Appendix B, have been audited and the external auditor, Mr Athos Louca, has confirmed that the Statements of Accounts for the year ended 31 March 2022 are prepared, in all material respects, in accordance with the financial reporting provisions of CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22. No significant difficulties were identified during the audit and there are no significant findings from the audit to draw the Board's attention to.

3.2.2. The Accountability Board has responsibility and oversight of the SELEP Financial position, and a full report was made to them on the provisional position for 2021/22 at their meeting on 27<sup>th</sup> May 2022. Following the audit, no material changes to this position have been identified. The auditor's report is included at the end of the Statement of Accounts in Appendix B; the Strategic Board are now afforded an opportunity to consider the Statements of Accounts and pose any questions they may have to the Accountable Body.

#### 3.3. South East LEP Ltd Statement of Accounts 2021/22

3.3.1. The South East LEP Ltd Statement of Accounts for 2021/22 are included in Appendix C; the company was dormant and did not trade in the period. The company received no income and incurred no expenditure in the period and therefore did not make either a

surplus or deficit.

3.3.2. The Accounts are required to be approved by the Board and include the following statements:

- a) For the year ending 31 March 2022 the company was entitled to exemption (from audit) under section 480 of the Companies Act 2006 relating to dormant companies.
- b) The members have not required the company to obtain an audit in accordance with section 476 of the Companies Act 2006.
- c) The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.
- d) These accounts have been prepared and delivered in accordance with the provisions of the small companies regime applicable to micro-entities.

## **4. Background**

- 4.1. When SELEP was an unincorporated partnership, it had no formal legal identity. To allow the partnership to function, Essex County Council (ECC) acts as the Accountable Body, meaning all financial transactions are managed through the Council on behalf of the LEP; in this role, ECC is not able to utilise SELEP funds for its own purposes and so separate financial records are maintained on behalf of SELEP and separate Statements of Accounts are produced for the partnership.
- 4.2. When SELEP became a company limited by guarantee in March 2020, it was agreed that no monetary transactions would be made through the Company and that Essex County Council would continue in its role as the Accountable Body.
- 4.3. The Statements of Accounts are included in Appendix B of this report and have been prepared in accordance with proper practices as set out within the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom and are subjected to a full external audit. This means that the Accounts take the same form as Local Authority statements rather than those of a commercial entity. The Section 151 Officer of the Accountable Body has responsibility for the production of the Statements of Accounts and the content therein.
- 4.4. Accounts are also required to be prepared for South East LEP Ltd to be submitted to Companies House by 30th November 2022; as dormant accounts (reflecting that no trading has occurred through South East LEP in the year), they are exempt from audit under the Companies Act 2006 section 480. These Statements are included in Appendix C.
- 4.5. The remainder of this report focuses on the financial position reported in the SELEP Statements of Accounts as at 31<sup>st</sup> March 2022 and the future financial position of SELEP.

## **5. Operational Income & Expenditure in 2021/22**

- 5.1. The SELEP operational spend includes the running costs of the LEP's Secretariat and Boards, including staff salaries, office expenses, publicity and marketing, professional fees and the Accountable Body costs.
- 5.2. The operational spend is primarily funded through government grants and match funding contributions from partners. Any surplus or deficit held at the end of the financial year is managed through the operational reserve. The summary position for 2021/22 is set out in Table 1.

- 5.3. At the end of the financial year, income exceeded expenditure resulting in a surplus of **£330,000** to be met from reserves. This position was an improved position compared to the budgeted surplus of £78,000; this was primarily due to the uncertain position created by the late confirmation and receipt of core grant funding from Government which meant that expenditure had been reduced in year and consequently a lower than planned draw on reserves was required.

**Table 1: Operational Income & Expenditure in 2021/22**

Income	2021/22 £'000
Revenue Grant Funding	(3,001)
COVID-19 Grant funding	(2,191)
Contribution from Partners	(150)
Other Contributions	(37)
Interest receivable on capital balances	(48)
<b>Total Income</b>	<b>(5,426)</b>
Expenditure	
Staffing	1,427
Meetings and admin	40
Chair & Deputy Chair allowance with on-costs	46
Consultancy and project work	283
Grants to Third Parties	4,316
<b>Total Expenditure</b>	<b>6,113</b>
<b>Net Income transferred from the Operational Reserve</b>	<b>687</b>
<b>Funds transferred to the Operational Reserve (not charged to services)</b>	<b>(1,017)</b>
<b>Net Contribution to the Operational Reserve</b>	<b>(330)</b>

5.4. Grants and Other Funding

5.4.1. Government grants and third-party contributions are recognised as due and credited as income in the Comprehensive Income and Expenditure Statement, when there is reasonable assurance that:

- There are no conditions for use attached to the grants or contributions, or that the Partnership has complied with any conditions that are attached to their use; and
- The grants and contributions will be received.

5.4.2. Where a grant or contribution has been received, but the conditions are not satisfied, the amount will be carried in the Balance Sheet as a grant receipt in advance.

5.4.3. Table 2 summarises the movement in funding during 2021/22, with a total balance of funds held by ECC on behalf of SELEP at 31<sup>st</sup> March 2022 of **£34.801m**; the

comparable position at the end of 2020/21 was **£38.860m**.

**Table 2: Funding Summary as at 31 March 2022**

	Opening Balance April 2021 £000	Funding Received in Year £000	Funding Applied in Year £000	Closing Balance March 2022 £000
<b>Capital Grants</b>				
Local Growth Fund	5,146	0	(5,146)	(0)
Local Growth Fund (Retained Schemes)	8,399	0	(8,399)	0
Growing Places Fund (Loan Fund)	16,817	5,439	(9,217)	13,040
Getting Building Fund	0	42,500	(42,500)	0
<b>Total Capital Grants</b>	<b>30,362</b>	<b>47,939</b>	<b>(65,261)</b>	<b>13,040</b>
<b>Revenue Grants</b>				
Growing Places Fund / Sector Support Fund	2,381	0	(2,078)	303
Growth Hub - Core Funding Grant	0	890	(890)	0
Growth Hub - Peer Network Grant	0	112	(112)	0
ERDF Legacy Funds	350	0	(350)	0
Skills Analysis Panels (SAP) Grant	0	75	(75)	0
Local Digital Skills Partnership Catalyst Grant	37	75	(83)	29
Delivering Skills for the Future	1	0	(1)	0
Energy Strategy Grant	7	0	(6)	1
Developing High Streets	10	10	(20)	0
Core Funding	23	500	(523)	0
<b>Total Revenue Grants</b>	<b>2,808</b>	<b>1,662</b>	<b>(4,137)</b>	<b>333</b>
<b>Total Grants</b>	<b>33,170</b>	<b>49,601</b>	<b>(69,399)</b>	<b>13,373</b>
SELEP Creditors	284	16,491	0	16,776
SELEP Short Term Debtors	(60)	0	(12)	(71)
SELEP Covid-19 Reserves*	4,493	0	(2,631)	1,861
SELEP Redundancy Reserve	0	275	(112)	163
SELEP Future Commitments Reserve	0	423	0	423
SELEP Risk Reserve	0	975	0	975
SELEP Operational Reserves	972	2,003	(1,673)	1,302
<b>Total SELEP Funding held by ECC at 31st March 2022</b>	<b>38,860</b>	<b>69,769</b>	<b>(73,827)</b>	<b>34,801</b>

\* Reserve established to support delivery of the Covid-19 recovery programme

5.4.4. Capital balances held by the Accountable Body on behalf of SELEP have been significantly denuded through 2020/21 and 2021/22, which saw the remaining Local Growth Fund (LGF) and Getting Building Fund (GBF) allocations being paid out to the respective Partners. In addition, measures were introduced to mitigate against future budget risks to the SELEP in recognition of the on-going financial uncertainties, through the creation of three new earmarked reserves. A summary of this position is set out in Table 3.

5.4.5. 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 Accountability Board on a quarterly basis. Any changes in the level of reserves will be subject to future decision making by the Accountability Board.

5.4.6. A simplified balance sheet as at 31<sup>st</sup> March 2021 can be found at Appendix A.

## 6. Future Financial Position of SELEP

- 6.1. The Government only confirms funding for SELEP on an annual basis; this increases the risk to the partnership and the respective delivery partners, due to the lack of assurance of on-going funding to support the operational budget.
- 6.2. This risk has been exacerbated moving into 2022/23 with funding not being confirmed in advance of the start of the financial year, and, where funding has been confirmed, funding has been reduced in most cases in comparison to that received in previous years.
- 6.3. It was reported to Accountability Board in September 2022 that whilst the core funding had been received for 2022/23, the total allocation had been reduced from £500,000 to £375,000. This reduction has contributed to the requirement to place a high reliance on reserves to support the budget in 2022/23, whilst ensuring sufficient funding remains available to support some operations into 2023/24 and any future commitments that extend beyond this timeframe.
- 6.4. The summary reserves position is set out in Table 3.

**Table 3: SELEP Reserves Summary**

	2021/22			2022/23 - Forecast	
	Opening Balance Apr '21	Net Movement in Reserves	Closing Balance Mar '22	Net Movement in Reserves	Forecast Closing Balance Mar '23
	£'000	£'000	£'000	£'000	£'000
<b>Operational Reserve</b>	972	329	1,302	(524)	778
<b>Reserves Earmarked for future use:</b>					
Covid-19 Skills Support Fund	2,096	(1,424)	672	(672)	-
Covid-19 Business Support Fund	2,396	(1,207)	1,189	(1,123)	66
Redundancy Reserve	-	163	163	(6)	156
Future Commitments Reserve	-	423	423	-	423
Risk Reserve	-	975	975	-	975
<b>Total Reserves</b>	<b>5,465</b>	<b>(741)</b>	<b>4,723</b>	<b>(2,326)</b>	<b>2,397</b>

- 6.5. Due to the increased uncertainty with regard to the future role and funding for the SELEP, it was agreed by the Accountability Board to set out earmarked reserves to secure sufficient funds for future known commitments and risks. Review of the reserves forms part of the on-going monitoring of the SELEP financial position that is regularly reported to the Accountability Board.

## 7. Next Steps

- 7.1. The SELEP Statement of Accounts 2021/22 will be formally signed and published on the SELEP website.
- 7.2. The South East LEP Ltd Statement of Accounts 2021/22 will be formally signed and published on the SELEP website and this information will be submitted to Companies House in accordance with



the Companies Act 2006.

- 7.3. The Accountable Body will continue to work with the SELEP Secretariat to review options with respect to the future funding position of SELEP. This will inform the 2023/24 budget proposal that is due to be reported to Accountability Board in November 2022.

## **8. Comments from the Accountable Body**

- 8.1. This report has been authored by the Accountable Body and the recommendations are considered appropriate.

## **9. Appendices, Supporting Documents and Previous Decisions**

- 9.1. Appendix A – Simplified balance sheet for SELEP as at 31<sup>st</sup> March 2022
- 9.2. Appendix B – SELEP Statement of Accounts 2021/22
- 9.3. Appendix C – South East LEP Ltd Statement of Accounts 2021/22
- 9.4. Background Information – Finance Update reported to SELEP Accountability Board in September 2022: [Accountability-Board-Agenda-Pack-23.09.22.pdf \(southeastlep.com\)](#).
- 9.5. For further information please contact Lorna Norris (mailto:lorna.norris@essex.gov.uk)

## Appendix A: SELEP's Simplified Balance Sheet as at 31<sup>st</sup> March 2022

31st March 2021		31st March 2022	
£000		£000	£000
23,259	Long term debtors GPF Loans	26,037	
<b>23,259</b>	<b>Long term assets</b>		<b>26,037</b>
38,860	Short term debtors Cash balance held by ECC	34,801	
60	Other short term debtors	71	
<b>38,920</b>	<b>Current assets</b>		<b>34,872</b>
<b>62,179</b>	<b>Total assets</b>		<b>60,909</b>
(285)	Creditors	(16,776)	
(2,808)	Revenue grant receipts in advance	(333)	
(53,621)	Capital grant receipts in advance (see note 2)	(39,077)	
<b>(56,714)</b>	<b>Current liabilities</b>		<b>(56,186)</b>
<b>5,465</b>	<b>Net assets</b>		<b>4,723</b>
	<b>Usable reserves</b>		
(972)	Operational Reserve (General Fund balance)	(1,302)	
(4,493)	Other Earmarked Reserves	(3,422)	
<b>(5,465)</b>	<b>Total usable reserves</b>		<b>(4,723)</b>

### Notes:

- The balance sheet has been simplified to remove the impact of the non-cash accounting adjustments (unusable reserves) in relation to the Accumulated Absences Adjustment Account and the Financial Instruments adjustment Account (soft loans adjustment); the impact of these adjustments demonstrates the cash value of the total reserves held. The full balance sheet is included in the 2021/22 Statement of Accounts in appendix B.
- To reconcile the total Capital grant balance held at 31st March, the GPF Loan debtor is deducted from the capital grant receipts in advance to give a net capital grant held at 31st March 2022 of £13.040m.
- The creditors includes £16.3m of capital grant claims that had been received in 2021/22, but the payments had not been processed in advance of 31<sup>st</sup> March 2022.
- In taking the two notes above, the reconciliation to the total cash held by Essex county council (ECC), on behalf of SELEP, at 31<sup>st</sup> March 2022 is:

	£'000
Capital grant receipts in advance (see note 2)	13,040
Revenue grant receipts in advance	333
Creditors	16,776
Short term debtors	(71)
Other Earmarked Reserves	3,422
Operational Reserve (General Fund balance)	1,302
<b>Cash balance held by ECC at 31st March 2021</b>	<b>34,801</b>