

ACCOUNTABILITY BOARD

10:00	Friday, 16 June 2023	The Nucleus Business And Innovation Centre (Brunel Way, Dartford, England, DA1 5GA)
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The meeting will be open to the public either in person, online or by telephone. Details about this are on the next page.

Quorum: 6 (to include 4 voting members)

Membership

Simon Cook	Chair
Cllr Kevin Bentley	Essex County Council
Cllr Roger Gough	Kent County Council
Cllr Lauren Edwards	Medway Council
Cllr Keith Glazier	East Sussex County Council
Cllr Andrew Jefferies	Thurrock Council
Cllr Tony Cox	Southend-on-Sea City Council
Vacant	Further Education/ Skills representative
Vacant	Higher Education representative

For information about the meeting please ask for:

Lisa Siggins, Secretary to the Board

Telephone: 033301 34594

Email: democratic.services@essex.gov.uk

Essex County Council and Committees Information

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

Members of the public will be able to view and listen to any items on the agenda unless the Committee has resolved to exclude the press and public from the meeting

as a result of the likely disclosure of exempt information as defined by Schedule 12A to the Local Government Act 1972.

How to take part in/watch the meeting:

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

Officers and members of the public:

Online:

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

By phone:

Telephone from the United Kingdom: 0203 481 5237 or 0203 481 5240 or 0208 080 6591 or 0208 080 6592 or +44 330 088 5830.

You will be asked for a Webinar ID and Password, these will be published as a Meeting Document, on the Meeting Details page of the Council's website (scroll to the bottom of the page) at least two days prior to the meeting date. The document will be called "Public Access Details".

In person:

Castalia Room, The Nucleus Business and Innovation Centre, Brunel Way, Dartford DA1 5GA. You will be asked to sign in and to not speak during the meeting without the express permission of the Chair. Late arrivals will not be guaranteed entry to the meeting.

Accessing Documents

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

The agenda is also available on the Essex County Council website, www.essex.gov.uk From the Home Page, click on 'Running the council', then on 'How decisions are made', then 'council meetings calendar'. Finally, select the relevant committee from the calendar of meetings.

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

1	Welcome and Apologies for Absence	
2	Minutes of the previous meeting	6 - 16
	To approve the minutes of the meeting held on 13th April 2023.	
3	Declarations of Interest	
	To note any declarations of interest to be made by Members in accordance with the Members' Code of Conduct	
4	Questions from the public	
	<p>In accordance with the Policy adopted by the SELEP, a period of up to 15 minutes will be allowed at the start of every Ordinary meeting of the Accountability Board to enable members of the public to make representations. No question shall be longer than three minutes, and all speakers must have registered their question by email or by post with the SELEP Secretariat (hello@southeastlep.com) by no later than 10.30am on the Monday morning before the meeting. Please note that only one speaker may speak on behalf of an organisation, no person may ask more than one question and there will be no opportunity to ask a supplementary question. On arrival, and before the start of the meeting, registered speakers must identify themselves to the Governance Officer for an in-person meeting, or the host of the meeting if it is being held virtually. On arrival, and before the start of the meeting, registered speakers must identify themselves to the Governance Officer for an in-person meeting, or the host of the meeting if it is being held virtually. A copy of the Policy for Public Questions is made available on the SELEP website.</p>	
5	SELEP Operations Update	17 - 37
6	SELEP Finance update	38 - 49
7	Getting Building Fund update	50 - 91

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| 8 | GBF High Risk Projects Update Report | 92 - 120 |
| 9 | Local Growth Fund Programme Update | 121 - 151 |
| 10 | LGF High Risk Projects Update Report | 152 - 176 |
| 11 | Beaulieu Park Station LGF Project Update- REPORT TO FOLLOW | |
| 12 | Queensway Gateway Road LGF Project Update- REPORT TO FOLLOW | |
| 13 | London Gateway/Stanford le Hope LGF Project Update-REPORT TO FOLLOW | |
| 14 | Growing Places Fund Update | 177 - 198 |
| 15 | Date of Next Meeting | |
| | To note that the next meeting will be held on Friday 22 September 2023,venue to be confirmed. | |
| 16 | Urgent Business | |
| | To consider any matter which in the opinion of the Chair should be considered in public by reason of special circumstances (to be specified) as a matter of urgency. | |

Exempt Items

(During consideration of these items the meeting is not likely to be open to the press and public)

The following items of business have not been published on the grounds that they involve the likely disclosure of exempt information falling within Part I of Schedule 12A of the Local Government Act 1972. Members are asked to consider whether or not the press and public should be excluded during the consideration of these items. If so it will be necessary for the meeting to pass a formal resolution:

That the press and public are excluded from the meeting during the consideration of the remaining items of business on the grounds that they involve the likely disclosure of exempt information falling within Schedule 12A to the Local

Government Act 1972, the specific paragraph(s) of Schedule 12A engaged being set out in the report or appendix relating to that item of business.

17 Urgent Exempt Business

To consider in private any other matter which in the opinion of the Chair should be considered by reason of special circumstances (to be specified) as a matter of urgency.

Minutes of the meeting of the SELEP Accountability Board, held in Castalia Room, The Nucleus Business and Innovation Centre, Brunel Way, Dartford DA1 5GA on Thursday, 13 April 2023

Present:

Cllr Lesley Wagland	Essex County Council
Cllr Roger Gough	Kent County Council
Cllr Keith Glazier	East Sussex County Council
Cllr Rodney Chambers	Medway Council
Cllr Stephen George	Southend-on-Sea City Council
Cllr Mark Coxshall	Thurrock Council

Also Present:

Chris Broome	Sea Change Sussex
Bernard Brown	Member of the public
Lee Burchill	Kent County Council
Paul Chapman	Essex County Council
Kerry Clarke	Kent County Council
Ellie Clow	SELEP
Alex Colbran	East Sussex County Council
Howard Davies	SELEP
Richard Dawson	East Sussex County Council
Helen Dyer	SELEP
Zoe Gordon	SELEP
Jessica Jagpal	Medway Council
Keri Lawrence	SELEP
Gary MacDonnell	Essex County Council
Stephanie Mitchener	Essex County Council
Kevin Munnelly	Thurrock Council
Michael Neumann	Essex County Council (as delegated S151 Officer for the Accountable Body)
Lorna Norris	Essex County Council
Huw Oxburgh	Reporter
Tim Rignall	Southend-on-Sea City Council
Steve Samson	Kent County Council
Freya Shelley	Southend-on-Sea City Council
Lisa Siggins	Essex County Council
Steven Stott	Member of the public

1 Welcome and Apologies for Absence

- Cllr Kevin Bentley substituted by Cllr Lesley Wagland
- Simon Cook
- Rosemary Nunn had tendered her resignation and is no longer a member of the Board

Cllr Roger Gough acted as Chair in the absence of an appointed Chair of the Board.

2 Minutes of the previous meeting

The minutes of the meeting held on Friday 27 January 2023 were agreed as an accurate record.

3 Declarations of Interest

Cllr Stephen George declared a non-pecuniary interest in respect of agenda item 7, in that his brother-in-law sits on the Board at Sanctuary Housing Association.

4 Questions from the Public

Zoe Gordon, SELEP Business Engagement and Comms Manager, advised the Board that one Public Question had been received. She read the question and response to the Board.

Submission by Hastings Lines Commuter Group

“When will Queensway Gateway Road be fully open (for clarification directly connected to A21)?

As this is affecting the amount of time it is taking for commuters to reach train stations.”

Response provided by East Sussex County Council:

Work is ongoing to complete the Queensway Gateway Road project. Currently financial and contractual discussions are being undertaken between East Sussex County Council and Sea Change Sussex and until these matters are concluded we are not in a position to state a definitive timeline to the public on the completion of the project.

East Sussex County Council recognise the issues that this is causing to the public and the business community and remains committed to resolving the matter with Sea Change Sussex as soon as possible.

Response from SELEP/Accountability Board:

SELEP and the Accountability Board continue to closely monitor delivery of the Queensway Gateway Road project and will take appropriate action, in

accordance with the Service Level Agreement in place between SELEP Ltd, East Sussex County Council and Essex County Council (as Accountable Body), should the project no longer be deliverable in accordance with the agreed Business Case.

5 SELEP Operations update

The Board received a report from Amy Ferraro, SELEP Governance Officer which was presented by Zoe Gordon, the purpose of which was for the Board to be updated on the operational activities carried out by the Secretariat to support both this Board and the Strategic Board. The report included an update on risk management, compliance with the Assurance Framework and performance against governance KPIs.

Zoe gave the Board an overview of the key points in the report, with a particular focus on the risks arising from the announcement by Government on their intention to no longer fund LEPs from April 2024. The identified risks include retention of both staff and Board members. Zoe indicated that there was a lot of work to be done in order to understand and manage the operational impact of the decision by Government.

Cllr Keith Glazier stressed that more guidance was required from Government with regard to the transition of LEP activities to local authorities to help inform local discussions in this regard.

There was also a commitment from local partners to work together to achieve a smooth transition, whilst also seeking to safeguard the expertise of those involved in SELEP's work where possible.

Resolved:

1. **To Note** the proposed updates to the Assurance Framework (Appendix A) at Section 5 of the report.
2. **To Note** the update on Assurance Framework compliance monitoring and Governance KPIs at Appendices B and C of the report.
3. **To Note** the changes to the Risk Register at Appendix D of the report; and
4. **To Note** the updated Public Questions Policy at Appendix E of the report.

6 Finance Update

The Board received a report from Lorna Norris, Senior Finance Business Partner, the purpose of which was for the Board to consider the updated forecast to the 2022/23 budget including specific grants. In addition, an update on the funding position for 2023/24 was provided.

The Board's attention was drawn to the fact that in the March announcement of the Government's budget, it was confirmed that no further Core Funding would be made available for LEPs after 2023/24; the Government are currently

engaging with LEPs and Local Authorities to understand the impact of no future funding, with an expectation that LEP functions are transitioned across to Local Authorities.

Resolved:

1. **To Approve** the updated 2022/23 SELEP revenue forecast budget set out in Table 1 of the report, including the specific funds summarised in Table 3 of the report.
2. **To Approve** the appropriation of £33,993 of the Sector Support Fund to the Operational Reserve to support the on-going operations of SELEP.
3. **To Approve** the appropriation of £927 of the Energy Strategy grant to the Operational Reserve to support the on-going operations of SELEP, specifically, towards Net Zero activities.
4. **To Note** the update on the 2023/24 funding position.

7 **Getting Building Fund Capital Programme update**

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

In addition, the report set out requests from eight projects to retain their GBF funding allocations beyond March 2023, with all projects forecasting full GBF spend by 30 June 2023.

The Board were advised that funding owed by Swan Housing had now been returned to Essex County Council. Cllr Lesley Wagland expressed her thanks in this regard and acknowledged the hard work of all those involved.

Resolved:

1. **To Note** the current forecast spend across the GBF programme for the 2022/23 financial year of £17.238m, as set out in Table 1 of the report.
2. **To Agree** the reported GBF spend on project delivery in Q1, Q2 and Q3 2022/23 of £7.373m, as set out in Table 1 and Appendix A of the report.
3. **To Agree** that Essex County Council (as responsible Upper Tier Local Authority) can have an extension until 12 April 2023 to repay the outstanding balance of £3.071m GBF following the removal of the Swan Modular Housing Factory project from the GBF programme. Noting that an extension request would have been brought forward prior to the 31 March 2023 (original repayment date) if the Board meeting had gone ahead as scheduled on 10 March 2023.
4. **To Note** the update on the Better Queensway project.

5. **To Agree** that the GBF funding allocation can be retained against the following projects for a further maximum period of 3 months (to 30 June 2023):

- 5.1. No Use Empty South Essex
- 5.2. ASELA LFFN – Phase 3
- 5.3. Better Queensway
- 5.4. Extension of full-fibre broadband rollout in Essex to reach rural and hard to reach premises
- 5.5. Tindal Square, Chelmsford
- 5.6. Jaywick Market and Commercial Space
- 5.7. Tendring Bikes and Cycle Infrastructure
- 5.8. Enterprise Centre for Horizon 120 Business and Innovation Park

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

8 Local Growth Fund Programme Update

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

The Board were advised that there continued to be issues with a lot of post scheme completion Monitoring and Evaluation reports outstanding.

Helen also advised that Thurrock Council had failed to submit their quarterly reporting in advance of the meeting and therefore the figures shown in Table 1 were based on their previous reporting submission.

Cllr Keith Glazier provided an update on the status of East Sussex County Council's post scheme completion Monitoring and Evaluation reports, with outstanding reports expected to be submitted to SELEP during Q1 2023/24.

Cllr Roger Gough indicated that additional resource had been allocated to the completion of the outstanding Kent County Council post scheme completion Monitoring and Evaluation reports, with an expectation that all outstanding reports will be completed and submitted to SELEP within 6 months.

Cllr Mark Coxshall provided an update on the Purfleet Centre project and indicated that it was important to look at what had been delivered to date and to understand why further benefits had not yet been forthcoming. These conversations will also involve Homes England as the Purfleet Centre project has also benefited from Housing Infrastructure Fund funding. A further update on the project will be provided at a future meeting. Cllr Mark Coxshall also gave an update on the A13 Widening project and indicated that final delivery costs should be known by the next Board meeting. He also acknowledged the importance of learning lessons from project delivery which can be applied to future schemes.

Resolved:

1. **To Agree** the updated total planned LGF spend on project delivery in 2022/23 of £13.5m excluding DfT retained schemes and increasing to £13.824m including DfT retained schemes, as set out in Table 2 and Appendix A of the report.

2. **To Agree** the reported LGF spend on project delivery in Q1, Q2 and Q3 2022/23 of £8.784m, as set out in Table 1 and Appendix A of the report.

3. **To Agree** the updated completion dates for the following projects which have experienced a delay of more than 6 months:

3.1. University of Essex Parkside - Phase 3 - project completion delayed from December 2022 to September 2023.

3.2. Hailsham/Polegate/Eastbourne Movement and Access Package – project completion delayed from March 2023 to March 2025.

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

5. **To Note** the list of outstanding post scheme completion Monitoring and Evaluation reports, as set out in Appendix G of the report.

9 **Beaulieu Park Station LGF Project Update Report**

The Board received a report from Gary Macdonnell, Network Coordinator, Essex County Council and Howard Davies, SELEP Capital Programme Officer, the purpose of which was for the Board to receive an update on the Beaulieu Park Station Local Growth Fund (LGF) project (the Project) which has been identified as High risk.

Gary Macdonnell gave the Board a verbal update regarding progress and advised that the project is progressing well with five initial track possessions having already occurred. He advised that the second implementation agreement referenced in the report had not yet been signed but that positive meetings had been held with Network Rail. Internal governance was now well advanced, and it was hoped that the process would be completed soon.

He acknowledged that there remains a risk regarding the security of the HIF funding, but steps have been taken since the last meeting to mitigate this risk. Formal approval of the proposed approach remains outstanding, but the approval process is progressing well.

Howard Davies proceeded to highlight the risks from SELEP's perspective which included bridging the funding gap on the Chelmsford North East Bypass project to safeguard the HIF funding and risks around track possessions particularly over the festive period 2023/24. Gary Macdonnell stated that he was optimistic

with regards to the required festive track possessions but that these were not yet confirmed.

Resolved:

1. **To Note** the update on the Project and the risks to project delivery which have been identified.

2. **To Note** a further update on the Project will be brought to the June 2023 Board meeting which will include confirmation of a complete funding package for both elements of the HIF project and Government approval for the change in funding approach and an update on the required track possessions.

10 **Queensway Gateway Road LGF Project Update**

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

Richard Dawson indicated that since the publication of the report, Sea Change Sussex had submitted an amended drawing package for review by East Sussex County Council and National Highways. However, the required traffic and road signs package has yet to be submitted. This package will be required to enable the final technical assessment to be undertaken.

Helen Dyer provided an update on risks from a SELEP perspective, with particular reference to the risks associated with the ongoing uncertainty regarding the funding package for the remaining elements of the Project.

Resolved:

1. **To Note** the latest update position on the delivery of the Project.

2. **To Agree** that the Board will be provided with a further update on the Project at its meeting in June 2023.

11 **A28 Sturry Link Road LGF Project Update**

The Board received a report from Kerry Clarke, Lee Burchill, Kent County Council and Howard Davies, the purpose of which was for the Board to receive an update on the A28 Sturry Link Road (LGF) project (the Project), which has been identified as High Risk.

Kerry Clarke advised that an issue with the dependent Sturry development had impacted the delivery of the project. There are ongoing discussions between the landowner and developer of the Sturry development site (as set out in the confidential appendix), with a view to the issue being resolved by the end of June 2023. However, Kent County Council have had to delay publication of the Compulsory Purchase Order (CPO) until the issue has been resolved, as it is difficult to confirm the need for the land without confirmation that the Sturry

development is coming forward. Due to this delay, an extension to the deadline for completion of the required land acquisition to April 2025 is required.

Howard Davies gave the Board an overview of the risks from SELEP's perspective as set out in the report and explained the options available to the Board.

Cllr Keith Glazier addressed the Board, proposing support for option 1 as set out in the report.

Resolved:

1. **To Agree** to extend the deadline for the completion of the required land acquisition to 7 April 2025, noting that it was agreed at the November 2021 Board meeting that the remaining LGF funding would be transferred to Kent County Council on condition that the land acquisition be completed by 31 August 2023.

2. **To Agree** to extend the completion date of the Project from 31 December 2025 to 31 December 2026, which will align delivery of the Project with the housing developments.

3. **To Note** that a further update on the Project will be provided at the June 2023 Board meeting which will include:

- 3.1. an update on progress towards the completion of the land acquisition process; and
- 3.2. an update on land negotiations on the Sturry development.

12 London Gateway/Stanford le Hope and Grays South LGF Project Update

The Board received a report from Kevin Munnelly, Assistant Director Regeneration and Place Delivery, Thurrock Council and Howard Davies, the purpose of which was for the Board to receive an update on the delivery of the following high risk Local Growth Fund (LGF) projects which are being delivered by Thurrock Council: London Gateway/Stanford le Hope and Grays South.

Kevin Munnelly gave the Board a verbal update and in particular covered the impact of the ongoing Government Intervention and Section 114 notice on the delivery of two ongoing projects, as set out in the report.

Kevin confirmed that the Inner Circle Consulting led review of the wider Grays South Regeneration Area scheme, the project readiness review and the GRIP4 report from Network Rail are all currently in draft form. Noting that it is intended that these reports will form the basis of the Grays South project update to the Board in June 2023.

Kevin also committed to bringing forward a timeline for the revised London Gateway/Stanford le Hope Business Case to the June 2023 Board meeting.

Howard Davies then gave the Board SELEP's perspective on both projects drawing attention to the fact that Thurrock Council have not complied with the timeline as imposed by the Board in September 2022 and detailing the recommendations made in respect of this issue. He also drew the Board's attention to the various risks associated with both projects in question.

Cllr Mark Coxshall spoke in support of both projects, requesting the continued support of the Board. He also referenced the importance of learning from previous experience, particularly in relation to the Grays South project, and spoke in support of placing LGF spend on the project on hold until the future direction of the project and its' ongoing compliance with the SELEP Assurance Framework can be confirmed.

Resolved:

London Gateway/Stanford le Hope

1. **To Agree** to not automatically enact the removal and reallocation of the LGF funding from the project despite the requirements of the decision taken by the Board in September 2022 not being met. Noting that in November 2022, Thurrock Council indicated that an extension to the deadline for consideration of the revised Business Case would be needed, with the decision due to come forward at the postponed March 2023 Board meeting.

2. **To Agree** that a request for an extension to the deadline for consideration of the revised Business Case for the project can be presented at the June 2023 Board.

3. **To Note** that a further update on delivery of the project will be brought to the June 2023 Board meeting, which will include an update on progress with Phase 2 design options.

Grays South

1. **To Note** the latest position on the delivery of the project.

2. **To Agree** that the unspent £5.36m LGF funding, currently held by Thurrock Council, be placed on hold due to deliverability and affordability concerns and should remain on hold until it can be demonstrated that the project continues to comply with the requirements of the Assurance Framework.

3. **To Note** that the Board will be provided with a further update on the project, which will include an update on the progress of the current review process, including an indication of the findings at its meeting in June 2023.

13 Growing Places Fund Update

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

Cllr Keith Glazier advised the Board that work is underway with regards to plans for the required review of the Eastbourne Fisherman's Quayside and Infrastructure Development project delivery partners financial position and consideration of the ongoing viability of the proposed revised repayment schedule to ensure that updates are provided to SELEP and the Board as required..

Resolved:

1. **To Note** the updated position on the GPF programme.
2. **To Agree** that, despite East Sussex County Council defaulting on the agreed repayment schedule for the Sovereign Harbour project, interest should not be charged on the overdue amount (£3.575m) for the period from 1 April 2023 to 31 March 2024 as required under the terms of the loan agreement. Noting that the default only arose as a result of the postponement of the 10 March 2023 Board meeting.
3. **To Agree** the proposed revised repayment schedule for the Sovereign Harbour project (as set out in Section 6 of the report) and agree that interest will not be charged on the remaining balance of the loan at this time subject to compliance with the proposed revised repayment schedule.
4. **To Agree** the proposed revised repayment schedule for the Eastbourne Fisherman's Quayside and Infrastructure Development project (as set out in Section 7 of the report), subject to provision of annual updates on the ongoing viability of the repayment schedule and agree that despite defaulting on the agreed repayment schedule, the application of interest on the outstanding balance can be waived subject to compliance with the proposed revised repayment schedule.

14 Any other Business

It was Cllr Rodney Chambers final SELEP Board meeting before he stands down at the next election and consequently Cllr Keith Glazier delivered some words of thanks to Cllr Chambers on behalf of the SELEP Ltd/the Board.

Cllr Chambers then addressed the Board, expressing his thanks to Members.

15 Date of Next Meeting

The Board noted that the next meeting will take place on Friday 16 June 2023, at the Launchpad at Southend Airport Business Park.

16 Urgent Business

None.

17 A28 Sturry Link Road Project update- CONFIDENTIAL APPENDIX A

The Board received A28 Sturry Link Road Project update - CONFIDENTIAL
APPENDIX A.

Report title: SELEP Operations Update	
Report to Accountability Board	
Report author: Keri Lawrence – Governance Officer	
Meeting Date: 16 June 2023	For: Information
Enquiries to: keri.lawrence@southeastlep.com	
SELEP Partner Authority affected: Pan-LEP	

1. Purpose of Report

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

2. Recommendations

- 2.1. The Board is asked to:

2.1.1. **Note** the update on the recruitment of the SELEP Deputy Chair at Section 4, and

2.1.2. **Note** the outcome of the 2022-23 Annual Performance Review at Section 5; and

2.1.3. **Note** the update on Assurance Framework compliance monitoring at Section 6;

2.1.4. **Note** the update on LEP core funding 2023-24 at Section 8; and

2.1.5. **Note** the update on Governance KPIs and changes to the Risk Register at Appendices B and C.

3. General Operations Update

- 3.1. We are waiting for an update from the Assurance Team from the Cities and Local Growth Unit regarding the Deep Dive into East Sussex projects where the delivery partner is Sea Change Sussex.
- 3.2. Requests for information from members of the public with regard to SELEP funded projects in East Sussex have continued. These requests have predominantly been made through submission of Public Questions to the Board.

4. SELEP Deputy Chair Recruitment

- 4.1. The Secretariat began the Deputy Chair recruitment process according to the decision taken at the February 2023 Strategic Board meeting. The deadline for expressions of interest was the 22nd of February and no applications were received.
- 4.2. The external advert for the Deputy Chair position closed on 29th March 2023. A selection panel of Directors was formed to sift and interview potential candidates.
- 4.3. Simon Cook, Principal and CEO of MidKent College, and the Further Education representative on the SELEP Accountability Board was shortlisted, interviewed and offered the role of Deputy Chair, subject to confirmatory ratification by the Board.
- 4.4. The new Deputy Chair was appointed via electronic procedure on 26th May 2023.
- 4.5. The SELEP Framework Agreement sets out that the Deputy Chair shall be the Chair of the SELEP Accountability Board, but in a non-voting capacity.
- 4.6. The appointment of a Deputy Chair is an Assurance Framework requirement that was introduced following the LEP review in July 2018. This requirement is incorporated into the Articles of Association of South East LEP Ltd that sets out that the company is required to appoint a Deputy Chair as a Private Sector Director of the Strategic Board.

5. Annual Performance Review 2022-23 Outcome

- 5.1. As set out in the 2022-23 Annual Performance Review Guidance (December 2022), following the Annual Performance Review meeting, officials in DLUHC and DBT undertook a review to look at the performance of each LEP across the three themes: governance, delivery and strategic impact and integration.
- 5.2. The outcome of the Annual Performance Review 2022-23 confirmed an outcome of “met” with respect to Strategic Impact and Integration of the LEP; however, concerns were identified with regards to Delivery and Governance.
- 5.3. It was recognised that efforts have been made to maintain compliance against the National Local Growth Assurance Framework, and to progress Local Growth Delivery, but concerns were raised with regard to the following issues/areas:
 - 5.3.1. It was noted there have been some concerns around late reporting submissions, and commentary made by the LEP in APR documentation.
 - 5.3.2. There are concerns that the LEP has a portion of its GBF award remaining and is forecasting to carry overspend into FY23-24.

5.3.3. There are concerns over the remaining high-risk LGF projects yet to complete.

5.4. The SELEP Chair, members of the Secretariat and representatives from the Accountable Body met with officials to discuss the outcome of the APR. Further correspondence from officials is imminent to clarify the concerns, in particular with respect to Governance.

6. Assurance Framework Monitoring

6.1. The Department for Levelling Up Housing and Communities (DLUHC) has provided LEP Assurance updates and guidance for 2023-24.

6.2. Although LEP roles are evolving and they are not in receipt of any new programme funding, LEPs are able to apply for core funding (albeit at a reduced amount of £250,000) and will continue to deliver residual projects and fund activities. Therefore, DLUHC considers it appropriate to continue a proportionate system of assurance throughout the year, to ensure this delivery continues with regularity, propriety and value for money.

6.3. LEPs should maintain assurance standards by continuing to adhere to the mandatory compliance, governance and transparency requirements as far as possible, and should continue to follow best practice. Broadly, DLUHC will utilise a familiar system of assurance across the year but will minimise unnecessary demand on resources wherever possible.

6.4. The National Local Growth Assurance Framework (NLGAF) remains in force, and all LEPs are expected to continue to adhere to the governance, accountability and transparency requirements. Adjustments to the framework are planned by DLUHC to allow for greater flexibility connected to the ongoing policy developments.

6.5. LEPs are expected to continue to maintain a Local Assurance Framework and have this publicly accessible. It is the role of the Board to oversee the implementation of the requirements of the SELEP Local Assurance Framework (LAF). It is not a requirement for LEPs to update their LAFs this year, unless it is felt there is a clear need. Existing LAFs are sufficient, providing they fit the current circumstances of the LEP. LAFs should remain in place until a LEP transition process is completed.

6.6. The Strategic Board composition requirements within the NLGAF are still in force, however the increasing difficulties LEPs are faced in meeting and maintaining compliant boards has been acknowledged. DLUHC expects LEPs to ensure a functioning quorate Strategic board. For specific composition requirements, including the target of 50% female representation within the LEP board from 2023, it is expected that LEPs make best endeavours to ensure these targets are met wherever possible, but will consider them from a best practice perspective.

- 6.7. As part of the current assurance and monitoring process for 2023-24, all LEPs are required to publish a delivery plan. It is proposed that the SELEP delivery plan for 2023/24 will be presented for agreement at the July 2023 Strategic Board meeting. Delivery plans may be more limited in depth and scope this year, and their format may need to be adjusted. There is no prescribed format or content for delivery plans, however all LEPs are encouraged to consider how the LEP transition process will feature within. It may be appropriate to adjust this year's delivery plans to take account of the changes to LEP roles, and residual ongoing activities. Performance against delivery plans will be considered in the usual way within the annual assurance processes.
- 6.8. It is expected that LEP Annual Performance Review (APR) will take place as part of the assurance cycle, however it is likely to be lighter touch. DLUHC will work with LEPs and Area Teams to make this process as efficient and proportional as possible, whilst still delivering the required level of assurance for the activity undertaken across the year. An early APR may be undertaken where a LEP is integrating before year-end. Guidance will be provided.
- 6.9. All LEPs are still required to produce an annual report 2022/23 (and annual accounts) this year. This will be produced for the SELEP AGM planned for October 2023.

7. Key Performance Indicators

- 7.1. We are tracking a number of KPIs to ensure there is compliance with the governance requirements in the Assurance Framework. These can be found at Appendix B.
- 7.2. All KPIs are mostly delivering in line with targets. Success Essex has not recently met. OSE has been meeting but the website records have not been kept up to date which is currently being addressed by the relevant officers. The Secretariat will continue to communicate with officers to improve and maintain compliance and ensure that this stays on track as conversations around devolution gather pace across the area.

8. Risk Register

- 8.1. The allocation of LEP core funding for 2023-24 has been confirmed at £250,000 for 2023-24. The funding condition requiring LEPs to secure 50% local match funding has been removed this year, although LEPs retain the option to do this. It is anticipated for funding to be provided to each LEP in mid-June 2023 via a Section 31 payment to the Accountable Body. Please see Agenda Item 6 for more details on the financial position of the LEP.
- 8.2. Government has indicated that 2023/24 will be the last year for LEP funding and that LEP responsibilities will return to local authorities thereafter. This opens the requirement for a comprehensive set of conversations with the Strategic Board, Local Authorities and all other partners to determine how the area of work currently covered by the SELEP Secretariat is delivered in the future, whilst also putting the measures in place to close the SELEP operation

at the appropriate time and to make the requisite changes to governance arrangements and our contractual agreements. The detail and implications of transition arrangements will be discussed at future Board meetings and early planning will be reported to the Strategic Board in July 2023. Pan-LEP officer meetings in May and a SELEP Special Board Workshop Session in June will inform the development of the July Board meeting material.

- 8.3. The risk related to the workload and wellbeing of the Secretariat (risk number 9) continues to be rated as a high risk. Workloads remain high due to the decreased resource. The smaller team is less resilient in the case of long-term illness or resignations due to the lack of capacity/specialisation to provide cover.
- 8.4. Relating to 8.2, above, there is a vastly increased risk around the retention of SELEP staff, all of whom will be affected by the recent Government announcement. Recent resignations have occurred owing to this uncertainty, and the Board should consider that SELEP's output will reduce commensurately should more members of the Secretariat vacate their roles. The Board may also wish to consider what measures can be taken by partner authorities to retain the expertise of the SELEP Secretariat in those organisations which will be charged with delivering the strategic economic growth agenda into the future.
- 8.5. The risk of non-achievement of Outcomes/Outputs of the Capital Programme (Risk 19) continues to be classified as high risk. In January 2023, the Board met for an additional meeting in order to take funding decisions related to the Getting Building Fund (GBF) to maximise GBF spend by 31 March 2023. Despite these decisions, full GBF spend could not be achieved by 31 March 2023 and 9 projects continue to spend their GBF funding allocations into Q1 2023/24. There remains a risk that GBF spend will not be completed by 30 June 2023 as required by the Board.
- 8.6. There is also a risk that, due to the impacts of the COVID-19 pandemic, Brexit and other delays to delivery, the forecast project outcomes will not be achieved or will be achieved over a longer time period than originally expected. The Capital Programme Team will be working with local partners to understand the impact on the realisation of forecast project outcomes and will re-profile these outcomes as required. The Board will receive updates on this process at future meetings.
- 8.7. It should also be noted that there is a risk that an inability to achieve the stated project outcomes will be masked by a lack of robust post scheme completion monitoring and evaluation. There are currently a large number of monitoring and evaluation reports outstanding (as set out in Agenda Item 7), and without this information, it cannot be confirmed whether the projects are delivering in accordance with their agreed Business Cases. It is acknowledged that at least two partner authorities have taken on additional resource to catch up on post scheme completion monitoring and evaluation. As delivery of the Capital Programme nears a conclusion, there will become an ever greater focus on

securing the required monitoring and evaluation documentation to ensure that robust updates can be provided to the Board and to Central Government.

- 8.8. Risk 46, rated as medium, is a reputational risk related to the increasing numbers of requests for information about projects and questions raised about the delivery of outputs and outcomes of some projects. SELEP and the Accountable Body continue to look at opportunities to improve the management of the Capital Programme and the presentation of information to the Board and the public.

9. Accountable Body Comments

- 9.1. It remains a requirement for SELEP to have an Assurance Framework in place that complies with the requirements of the National Local Growth Assurance Framework.
- 9.2. The purpose of the Assurance Framework is to ensure that SELEP has in place the necessary systems and processes to manage delegated funding from Central Government budgets effectively.
- 9.3. The S151 Officer of the Accountable Body is required to provide the following confirmation to Government on an annual basis:
- 9.3.1. That all the necessary checks have been undertaken to ensure that the SELEP has in place the processes to ensure the proper administration of their financial affairs and that they are being properly administered; and
- 9.3.2. That the SELEP's Local Assurance Framework is compliant with the minimum standards as outlined in the *National Local Growth Assurance Framework (2021)*.
- 9.4. This confirmation was provided by the S151 Officer on the 28 February 2023.
- 9.5. The S151 Officer of the Accountable Body is required to ensure that their oversight of the proper administration of financial affairs within SELEP continues throughout the year.
- 9.6. In addition, the S151 Officer is required to provide an assurance statement to Government as part of the Annual Performance Review; this must include information about the main concerns and recommendations about the arrangements which need to be implemented in order for SELEP to be properly administered.
- 9.7. A number of risks to the future financial position of SELEP are noted in this report and considered further in the Finance update (agenda item 6).
- 9.8. The outcome of the Annual Performance Review 2022-23 identified that challenges were being experienced with regards to Delivery and risks across the LGF and GBF capital programmes (as is regularly reported to this Board through the wider agenda items). Due to GBF slippage from 2021/22 and 2022/23, quarterly reporting of spend to Government will continue to be a

requirement in 2023/24. A number of GBF projects are now reported as high risk of delivery by end of June 2023, but mitigations are identified and no projects have requested an extension to spend beyond this timeline.

- 9.9. A number of LGF projects are continuing to be identified as high risk, with significant delays to delivery highlighted. The on-going role of the Board in monitoring progress to assure delivery in line with the decisions of the Board remains an important requirement as part of the wider governance and assurance role of the LEP.

10. Financial Implications (Accountable Body comments)

- 10.1. Government have indicated that a further reduced core funding allocation of £250,000 may be made available to SELEP for 2023/24; this remains subject to confirmation that the application submitted by the SELEP has been successful. The delay in confirmation of funding means that SELEP are unable to effectively utilise this funding, without assurance of receipt.
- 10.2. The agreed budget for 2023/24 makes no assumption with respect to receipt of Core Funding and is sufficient to meet the current obligations for the SELEP. The current level of reserves continue to be monitored, but are considered sufficient to support the SELEP budget for 2023/24, with some reserves remaining to meet known commitments into future years.
- 10.3. Essex County Council, as the Accountable Body for the SELEP, is only able to meet funding commitments made by the SELEP, where it is in receipt of sufficient funding to do so and any spend is in line with the requirements of the Local Assurance Framework and any conditions associated with individual funding allocations.
- 10.4. The recent announcement by Government in their Budget statement that no further Core Funding will be available post 2023/24 means that options with respect to the future position of the Essex County Council employees that support the SELEP Secretariat, the existing funding agreements and other contractual arrangements in respect of SELEP being managed by the Accountable Body, now need to be considered with respect to potential future transition arrangements that align to the requirements across the six partner authorities in the SELEP geography.

11. Legal Implications (Accountable Body comments)

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

12. List of Appendices

- 12.1. Appendix A – Assurance Framework Compliance Monitoring
- 12.2. Appendix B - Governance and Transparency KPIs
- 12.3. Appendix C – Extract from Risk Register

13. List of Background Papers

13.1. None

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

Role	Date
Accountable Body sign off Michael Neumann (On behalf of Nicole Wood, S151 Officer, Essex County Council)	07/06/2023



SOUTH EAST
LOCAL ENTERPRISE
PARTNERSHIP

ASSURANCE FRAMEWORK MONITORING

Updated June 2023

ONGOING ACTIONS

INCORPORATION

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

BOARD COMPOSITION

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

DECLARING INTERESTS

Requirement	Status
To publish all Registers of Interest on the SELEP website for all Strategic Board, Accountability Board and Federated Board members, with signatures redacted.	ONGOING, continually updated annually and Board members change
Declarations of interest must be noted at the outset of each meeting.	COMPLETE/ONGOING
All members of the Strategic Board, Accountability Board and Federated Boards are required to complete a Register of Interests form.	COMPLETE/ONGOING
All senior members of staff or staff involved in advising on decisions must also have a valid register of interests, reviewed the same as for board members.	COMPLETE/ONGOING

CAPITAL PROJECTS

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

POLICIES AND PROCEDURES

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

ACCOUNTABLE BODY

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

PUBLISHING INFORMATION

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

Appendix B - Governance Key Performance Indicators

Forward Plan of Decisions

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

Meeting date	Met (Y/N)?
27/05/22	Y
15/07/22	Y
23/09/22	Y
25/11/22	Y
27/01/23	Y
13/04/23	Y
16/06/23	Y

Publication of Papers

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

Board	Meeting date	Met (Y/N)?	Meeting date	Met (Y/N)?	Meeting date	Met (Y/N)?	Meeting date	Met (Y/N)?	Meeting date	
Accountability Board	15/07/22	Y	23/09/22	Y	25/11/22	Y	27/01/23	Y	13/04/23	Y
Strategic Board	24/06/22	Y	21/10/22	Y	09/12/22	Y	10/02/23	Y		
SE	06/06/22	Y								
KMEP	14/06/22	Y	20/09/22	Y	22/11/22	Y	21/03/23	Y		
OSE										
TES	20/06/22	Y	17/10/22	Y	05/12/22	Y	06/02/23	Y	15/05/2023	Y

Draft Minutes

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

Board	Meeting date	Met (Y/N)?	Meeting date	Met (Y/N)?	Meeting date	Met (Y/N)?	Meeting date	Met (Y/N)?	Meeting date	Met (Y/N)?	Meeting date	Met (Y/N)?
Accountability Board	27/05/22	Y	15/07/22	Y	23/09/22	Y	25/11/22	Y	13/04/23	Y		
Strategic Board			24/06/22	Y	21/10/22	Y	09/12/22	Y	10/02/23	Y		
SE			06/06/22	Y								
KMEP			14/06/22	N	20/09/22	Y	22/11/22	Y	21/03/23	Y		
OSE												
TES	03/05/22	Y	20/06/22	Y	17/10/22	Y	05/12/22	Y	15/05/23	Y		

Final Minutes

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

Board	Meeting date	Met (Y/N)?	Meeting date	Met (Y/N)?	Meeting date	Met (Y/N)?	Meeting date	Met (Y/N)?	Meeting date	Met (Y/N)?	Meeting date	Met (Y/N)?
Accountability Board	11/02/22	Y	27/05/22	Y	15/07/22	Y	23/09/22	Y	13/04/23	Y		
Strategic Board	18/03/22	Y			24/06/22	Y	21/10/22	Y	10/02/23	Y		
SE					06/06/22	Y						
KMEP	28/03/22	N			14/06/22	N	20/09/22	N	22/11/22	Y	21/03/23	N
OSE	09/03/22	N										
TES	14/03/22	Y	03/05/22	Y	20/06/22	Y	17/10/22	Y	15/05/23	Y		

Registers of Interest- Board Members

Are registers of interests in place for all board members?

Board	Comments
Accountability Board	All complete, ongoing updates where appropriate
Strategic Board	All complete, ongoing updates where appropriate
SE	All complete, ongoing updates where appropriate
KMEP	All complete, ongoing updates where appropriate
OSE	All complete, ongoing updates where appropriate
TES	All complete, ongoing updates where appropriate

Registers of Interest - Officers

Are registers of interest in place for all officers?

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

Declarations of interests in meetings

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

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

Business Case Endorsement

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

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

Publication of Business Cases

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

Meeting date	Met (Y/N)?
15/07/22	Y
23/09/22	Y
25/11/22	Y
27/01/23	Y

Date	Percentage of female board members (excluding co-opted)
24/05/19	18%
05/08/19	21%
28/01/20	25%
16/04/20	35%
01/02/21	35%
10/06/21	35%
22/10/21	35%
18/05/22	35%
04/11/22	32% (vacancy)
22/02/23	35% (2 vacancies)

South East LEP

Risk Register - All Risks

Ref	Risk Title and overview	Risk Type	Likelihood	Impact	Score	Rank	Description	Mitigation	Risk Owner	Dates/Deadlines
9	Changes in Policy Direction	Team/Service Delivery	5	5	25	High	The confirmation that LEPs will not receive any further Government funding from April 2024 has decreased morale within the team, and staff retention may be challenging over the next year. The implications of a reduced team have been communicated to the Board and workload planning for next year is on the basis of available resource.	Planning for 2023/24 is being made on the basis of the resource available and known. SELEP remains involved in devolution discussions where applicable.	All Man Team	Ongoing
10	Recruitment and Retention of Board Members Risk	Team/Service Delivery	5	5	25	High	The Chair has been appointed for a two-year term and the Deputy Chair appointment was confirmed in May 2023. The risk around retaining Board members is high as it has been confirmed that LEP funding will end from April 2024.	Clear communication and engagement with public and private stakeholders to improve retention.	CEO	Ongoing
12	GPF Project Repayments	Funding/Financial	4	4	16	Med	Any risks to repayment of the existing GPF loans have been flagged to the Board and there are ongoing discussions between the Capital Programme Team and the loan recipients'. Whilst these risks have been taken into account when planning, there is an increasing risk with regards to repayment due to one project having defaulted on their agreed loan repayment, with an extended alternative repayment schedule provided for Board consideration.	The Capital Programme Team are working with project leads to understand where GPF repayments are at risk. A new round of the GPF is planned for 2023/24 and assumptions about future repayments will be downgraded to take into account additional risks to avoid over-profiling of the GPF.	H Dyer	Ongoing
15	Misadministration of grants	Funding/Financial	3	4	12	Med	Grants issued by HMG can potentially be clawed-back by HMG if SELEP cannot demonstrate that they have been used in line with the conditions and restrictions set at the time of award by the grant awarding body. Back to back agreements are in place but should HMG claw back we would be required to pay immediately whilst legal action to claw back from the recipient of the grant could take some time. The number and value of grants is decreasing so the likelihood of this risk occurring has reduced.	Back to back agreements are in place and the Accountable Body provides advice on the correct application of grants by SELEP. A full review of the capital programme and assessment of the application of grant funding, including site visits to completed projects, is planned for 2023/24. Consideration will be given as to how oversight of the application of grants can be structured and in a virtual manner if necessary. Each Management Team member who has grant funded activity takes responsibility for ensuring that grant conditions are understood and met.	All Man Team	Ongoing

South East LEP

Risk Register - All Risks

Ref	Risk Title and overview	Risk Type	Likelihood	Impact	Score	Rank	Description	Mitigation	Risk Owner	Dates/Deadlines
19	Non achievement of Outcomes/Outputs of the Capital Programme	Outcomes/Outputs of programmes	4	5	20	High	Given the ongoing impacts of the COVID-19 pandemic and Brexit on the economy, there is a risk that the outputs, outcomes and impacts stated in the approved Business Cases for the LGF, GBF and GPF projects may not be fully realised. Economic recovery will not be uniform across all sectors and therefore some projects may be more significantly impacted than others and this will be managed within the normal risk management of the relevant funding streams. The delivery of outputs from projects which are still in the delivery phase are most likely to be impacted due to increasing materials and labour costs and high inflation levels. This risk is further exacerbated by a lack of robust post-scheme completion monitoring and evaluation, which may mean that non-delivery of expected outcomes and impacts is occurring without being identified.	The Capital Programme continues to be closely monitored and the team work closely with delivery partners. The team is also providing regular updates to HMG. Award of available GBF funding to existing GBF projects will help to mitigate the risk to realisation of expected project outputs. All known changes to GBF outcomes and outputs have been approved by CLGU. An exercise to rebase the outcomes of the programme needs to be undertaken. Further work on the robustness of monitoring and evaluation data, particularly in relation to the LGF, is required. Quality of information provided from delivery organisations will need to improve.	H Dyer	Ongoing
22	Growth Hub Service delivery	Team/Service Delivery	3	3	9	Med	SELEP has received notification of a notional allocation of £475,000 for Growth Hub service delivery in 2023/24 and a grant funding agreement with DBT is expected to be in place by July 23. Southend Council has withdrawn from hosting the BEST Growth Hub from 1st April 23, ECC has agreed to host and is in the process of procuring a new provider to reinstate BEST in early July. There is a risk that procurement will be unsuccessful, which will delay BEST provision and either require reallocation of budget to BES and K&M area hubs or hand-back to DBT. New expectations of core funding for 23/24 (monthly reporting, data sharing and alignment with Govt depts) need to be embedded into service delivery in-year, which poses a risk to compliance. Ongoing risk to service continuity and retention of experienced staff due to annual funding cycle and uncertainty around future GH funding. Risk to the hub-and-spoke delivery model due to integration of LEP functions into Local Authorities.	SELEP is working through the grant offer process with DBT to secure 2023/24 core GH funding, and is working closely with ECC to run a realistic and targeted procurement exercise with established and known providers to reinstate the BEST service. SELEP has also raised the risks to continuous delivery and staff retention with DBT via the Growth Hub Network and the LEP integration questionnaire. SELEP will work closely with GH lead authorities and steering groups through 2023/24 to follow and react to the direction of travel for GH funding and delivery as it emerges. This will be considered in the context of the LEP integration work.	J Simmons	Ongoing
29	Uncertainty in application of LGF grant awarded to Hadlow College	Outcomes/Outputs of programmes	5	4	20	High	£11m of LGF funding across 4 projects has been awarded to Hadlow College which entered into Education Administration in 2019. It is currently unclear whether the outputs and outcomes related to this funding will be delivered. Whilst the educational activities have resumed at the college, the grant agreements have not transferred to the new providers and therefore SELEP may be unable to recoup any monies that were not applied in line with the agreement. The Secretariat and the Accountable Body have responded to queries from the Education Administrators, BDO. There is a potential risk that monies weren't utilised in line with the grant agreement in place between the Accountable Body, on behalf of SELEP, and the college. If grant monies weren't correctly utilised, the outputs and outcomes in the Business Case will not be delivered or not delivered in full.	The Secretariat and the Accountable Body supported the administration process which has now concluded. We have made the then MHCLG (LGF awarding body) aware of the position and responded to their queries in this respect. Consideration has been given, and an update provided to the Board, as to what protections can be put into place to prevent this situation occurring in future, recognising that any action needs to be proportionate and balance the risk against the resource impact.	CEO	Ongoing

South East LEP

Risk Register - All Risks

Ref	Risk Title and overview	Risk Type	Likelihood	Impact	Score	Rank	Description	Mitigation	Risk Owner	Dates/Deadlines
35	COVID-19- Board Risk	Team/Service Delivery	3	4	12	Med	Risk that business cannot be conducted at Board meetings because insufficient Board Members are available to meet quorate requirements. Whilst Strategic Board can meet virtually and virtual meetings are now well established, Accountability Board must meet in person to be able to take decisions. A hybrid approach has been set up but the quorum for Accountability Board is small as a result of the limited numbers of voting members. If Accountability Board voting members do have to self isolate, there is limited resilience on the quorum.	The Secretariat will work with Accountability Board members and their supporting officers to identify potential deputies for the meetings and ensure that DoI etc are in place and up to date for short notice replacements.	CEO	Ongoing
38	Future viability of the operational budget	Funding/Financial	5	5	25	High	The SELEP secretariat is aware of the financial circumstances and budget pressure and will continue to be appraised formally. At the appropriate point in the 2023/24 financial year, steps will be taken to ensure that SELEP can operate within budget from 1st April 2024. Conversations with partners in respect of new arrangements will continue and will be reflected to staff as appropriate.	A further consultation with staff will be required early in the new financial year. It is hoped that by this time there will be greater clarity on the future of the LEPs, both nationally and regionally. This will then allow for a longer term resolution to the ongoing financial risks associated with the Secretariat. The risk of not receiving specific funding notifications until late is being underwritten through deferred redundancies funded via the general budget and carried forward grant funding.	CEO	Ongoing
40	Getting Building Fund Risk - programme delivery	Outcomes/Outputs of programmes	4	3	12	Med	At the outset of the GBF programme, Government indicated that all funding had to be spent by 31 March 2022 and that all projects had to be substantially delivered by that date. In reality, this couldn't be achieved and a process was agreed by the Board to allow projects to retain their GBF funding beyond March 2022 for a limited period of time. This still required projects to work to tight timescales for both project delivery and spend of funding. A number of projects have now sought approval for retention of their GBF funding for a longer time period. Whilst noting that there is a significant reputational risk for both SELEP and local partners if full GBF spend is not achieved in a timely manner, following cancellation of approved projects and receipt of updated advice from Government, the Board agreed that in exceptional circumstances GBF spend could extend into Q1 2023/24.	Programme slippage is being managed by both Accountability and Strategic Board. An agreed process has been introduced to manage delays to GBF projects, similar to that used on the LGF. The programme is being actively managed with funding being reallocated to other projects if existing projects are unable to deliver in accordance with the required timescales. Retention of GBF funding beyond March 2022 has been agreed in relation to a number of projects and there is a mechanism in place for ensuring that all GBF funding is spent by 30 June 2023 at the latest.	H Dyer	30/06/2023
43	Insufficient future funding to support operations and/or interventions	Funding/Financial	5	5	25	High	HMG has made clear that no further capital investment monies will be awarded to LEPs. This will severely impact not only our ability to deliver interventions as set out in our Recovery and Renewal Plan but also will restrict the level of influence we can have in the region. This also further restricts our ability to support the operations of the Secretariat as no interest can be earned and there is no opportunity to charge administration fees for the management of existing capital programmes.		CEO	31/03/2023

South East LEP

Risk Register - All Risks

Ref	Risk Title and overview	Risk Type	Likelihood	Impact	Score	Rank	Description	Mitigation	Risk Owner	Dates/Deadlines
46	Risk of damage to SELEP reputation from delays or non-delivery of projects or perception thereof	Service Design/Reputation	3	4	12	Med	There has been an increasing number of requests for information and assurances concerning a number of projects which are being or have been delivered in East Sussex. Whilst responses to these requests are being provided in accordance with statutory requirements or internal policy (as applicable), there is a risk that the reputation of the LEP will be impacted if continued requests are received against a background of perceived lack of transparency.	Responses to requests for information and public questions will continue to be answered fully and in compliance with statutory and internal policy. Linking to risk 19, improvements to the quality of output and outcome data reporting are required and will be worked on. An internal review is underway to ensure that SELEP policies and procedures have been fully complied with, and opportunities to improve the management of the Capital Programme and the presentation of the information to the Board and the public are being sought. Most importantly, compliance with the National Assurance Framework, Local Assurance Framework, local policy and other applicable regulations must continue, not just by SELEP but by all delivery partners. All delivery partners and third party recipients of funding will be referred to their contractual obligations in responding to requests for information in a timely, open and transparent manner. SELEP and the Accountable Body will take action where it can be evidenced that requirements of the SLA are not being met.	CEO	Ongoing
47	Risk to service delivery from lack of engagement by stakeholders	Team/Service Delivery	5	4	20	High	As a result of changes to policy, there has been an appreciable move away from the LEP by some key stakeholders.	Through its convening role, SELEP continues to have strategic engagement with stakeholders through its Strategy Network, inc its 10 working groups, where engagement remains strong.	CEO	Ongoing

Report title: SELEP Provisional 2022/23 Revenue Outturn	
Report to Accountability Board	
Report author: Lorna Norris, Senior Finance Business Partner	
Date of Meeting: 16 June 2023	For: Decision
Enquiries to: lorna.norris@essex.gov.uk	
SELEP Partner Authority affected: Pan SELEP	

1. Purpose of Report

- 1.1 The purpose of this report is for the Accountability Board (the Board) to consider the provisional outturn position for the SELEP Revenue budget for 2022/23 and the impact for the 2023/24 funding position.

2. Recommendations

- 2.1 The Board is asked to:

- 2.1.1 **Note** the provisional net cost of services for 2022/23 of £64,000;
- 2.1.2 **Approve** the provisional outturn position for the SELEP revenue budget for 2022/23 in Table 1, including the net contribution to the Operational Reserve of £159,993;
- 2.1.3 **Approve** the movement in reserves set out in Table 5;
- 2.1.4 **Note** the impact on the future funding position set out in section 3.11.

3 SELEP Revenue Provisional Outturn 2022/23

- 3.1 Table 1 details the total provisional revenue outturn position by the SELEP in financial year 2022/23; this demonstrates a net cost of services of £64,000, to be funded from the Operational Reserve. In addition to the Secretariat budget, this table includes all spend funded by the specific revenue funds set out in Table 3.
- 3.2 The overall net movement compared to the budgeted position is £511,000; this is summarised in Table 2. The primary reason for the underspend relates to higher than budgeted external interest received on the capital balances held and invested by the Accountable Body on behalf of SELEP; this is due to higher than anticipated capital balances held through parts of 2022/23 following return of GBF funding allocations to the Accountable Body (see agenda item 7); in addition, improving interest rates through the year has attracted a higher than anticipated balance on the external interest received.

- 3.3 The on-going uncertainty in the future position of SELEP has meant that all opportunities to minimise spend within the Secretariat and maximise the use of grant funding to support on-going costs, in place of using reserves, has also driven the improved outturn position.
- 3.4 The provisional outturn position will be subject to an external audit review through the summer period; any issues or amendments arising from this audit will be advised to the Board in September 2023.

Table 1: 2022/23 Provisional Revenue Outturn

	Provisional Outturn £000	Latest Budget £000	Variance £000	Variance %
Staff salaries and associated costs	646	771	(125)	-16%
Staff non salaries	7	6	1	19%
Recharges (incl. Accountable Body)	255	269	(14)	-5%
Redundancy & associated support costs	-	1	(1)	-
Total staffing	908	1,047	(139)	-13%
Meetings and admin	29	148	(120)	-81%
Chair and Deputy Chair Allowance including oncosts	30	40	(10)	-24%
Consultancy and project work	147	130	17	13%
COVID-19 Support Programmes	1,681	1,826	(145)	-8%
Grants and contributions to third parties	424	585	(161)	-27%
Total other expenditure	2,311	2,729	(418)	-15%
Total expenditure	3,219	3,776	(557)	-15%
Grant income	(1,042)	(1,208)	166	-14%
Contributions from partners	(146)	(146)	-	-
COVID-19 Support Funds	(1,681)	(1,826)	145	-8%
External interest received	(285)	(21)	(264)	1257%
Total income	(3,154)	(3,201)	47	-1%
Net cost of services	64	575	(511)	-89%
Funds transferred (to)/from the Operational Reserve (not charged to services)				
Other re-purposed funds transferred to Reserves	(272)	(35)	(237)	676%
Contribution to Redundancy Reserve	47	-	47	-
Net Deficit (Surplus) on provision of services	(160)	540	(700)	-130%
Net Contributions to/(from) Operational reserves	160	(540)	700	-130%
Final net position	-	-	-	0%

Note: Table may not sum due to rounding

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

	£'000
Latest Budgeted Contribution from the Operational Reserve	540
Movements in Net Cost of Services	
Staff Salaries and Accountable Body Recharges	(139)
Other net movements	(113)
Reduction in Grants and Contributions to third parties	(161)
Reduction in SSF Grant Allocations	166
Increase in external interest received	(264)
Total Movement in Net Cost of Services	(511)
Movement in Contributions to the Operational Reserve	(189)
Total Net Movements	(700)
Proposed Updated Net Contribution (to) / from the Operational Reserve	(160)

- 3.5 Of the total revenue grant income received by SELEP in 2022/23, only £375,000 related to general funding to support the operations of SELEP; the remainder was applied as specific grants, with associated conditions for use. The final specific grants position for 2022/23 is set out in Table 3 below. There are no specific grant funds remaining to carry-forward into 2023/24.

Table 3: 2022/23 Specific Revenue Funds Summary

Fund	Funding Brought Forward £000	Funding Received £000	Funding Applied £000	Funding Repurposed to Reserves £000	Funding Carried Forward £000
Sector Support Fund (SSF)	(303)	-	78	226	-
Growth Hub - Core Funding Grant	-	(445)	445	-	-
Skills Analysis Panels (SAP) Grant	-	(55)	55	-	-
Local Digital Skills Partnership Catalyst Grant	(29)	(60)	89	-	-
Energy Strategy Grant	(1)	-	1	-	-
Total Grant Income Applied	(333)	(560)	667	226	-
SELEP Core and GBF Capacity Grants	-	(375)	375	-	-
Covid-19 Skills Fund	(672)	-	503	35	(134)
Covid-19 Business Support Fund	(1,189)	-	1,179	11	-
Total Revenue Funding Applied	(2,195)	(935)	2,724	272	(134)

Note: Table may not sum due to rounding

- 3.6 A summary of each grant is set out in Appendix 1.

3.7 Covid-19 Recovery Funds

- 3.7.1 With respect to the Skills support programme, all of the contracted programmes are largely complete, with the evaluation phase for the Skills support fund due to be completed in 2023/24. £134,000 of the fund remains to support the final programme costs in 2023/24; should any funds remain uncommitted on conclusion of the Programme, this

will be reported at the next meeting of the Board.

- 3.7.2 In respect of the Business Support Programme, this completed in 2022/23, with an underspend of £10,552, which will be transferred to the Operational Reserve to support the operations of the LEP in 2023/24.
- 3.7.3 A full update on the Covid Recovery funds is expected to be presented to the SELEP Strategic Board later this year.

3.8 Capital Funds Update

- 3.8.1 In addition to the revenue funds set out in Table 3, the Accountable Body administers the capital funds in Table 4 on behalf of SELEP; the investments through grants or loans to third parties are to support economic growth across the SELEP region and to support the COVID-19 recovery. The notes below the table set out the position for each Fund and further information is included in the separate update reports included in the agenda.
- 3.8.2 The Funds held by the Accountable Body on behalf of SELEP, are invested by the Council’s Treasury Management team in accordance with the agreed policies; the associated external interest received is used to support the revenue Budget of SELEP – see section 3.2.

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

Fund	Fund balance brought forward £000	Funding Received / Repaid £000	Funding Applied £000	Fund Balance Carried Forward £000
Local Growth Fund (LGF) (DLUHC)	(0)	-	-	-
Local Growth Fund (LGF) (DFT)	-	-	-	-
Growing Places Fund (GPF) (on-going Loan Fund)	(13,040)	(1,220)	1,900	(12,360)
Getting Building Fund (GBF)	-	(15,431)	11,640	(3,791)
Total Funds	(13,040)	(16,651)	13,540	(16,151)

Notes to Table 4:

- 3.8.3 **Local Growth Fund (LGF)** – all remaining LGF was transferred to delivery partners by the end of 2021/22. However, circa £35m of the total LGF allocation is planned to be spent by partners from 2023/24 onwards, with on-going commitments of delivery, monitoring and evaluation to SELEP and the Accountable Body (see agenda item 9).
- 3.8.4 **Local Growth Fund (LGF) (DFT)** – all remaining LGF was transferred to delivery partners by the end of 2021/22. However, circa £13.6m of the total DFT LGF allocation is planned to be spent by partners from 2023/24 onwards, with on-going commitments of delivery, monitoring and evaluation to SELEP and the Accountable Body. This includes an allocation that remains to be received in relation to the A127 Fairglen project of £13.5m, but is subject to final approval by the Secretary of State for Transport – see agenda item 9

for further details.

- 3.8.5 **Growing Places Fund (GPF)** – GPF is a recyclable loan scheme with a balance to be carried forward into 2023/24 of £12.36m, of which, £2.75m is committed to approved projects; this leaves £9.61m for reinvestment into new Projects across the SELEP region. This balance will increase provided that existing Projects meet their commitments to repay their loans in line with their funding agreements – a further £5.315m is due by the end of 2023/24, leaving a balance of £14.925m.

The current pipeline for investment has been fully funded and SELEP have advised that they intend to bring a proposal for reinvestment to Strategic Board in July 2023. Further information on the GPF position can be found in Agenda item 14. Current commitments in the management and oversight of this fund by the Accountable Body extend beyond 2034/35, when the final repayment is currently due.

- 3.8.6 **Getting Building Fund (GBF)** - The Ministry of Housing, Communities and Local Government (now the Department for Levelling Up, Housing and Communities or DLUHC) awarded SELEP Getting Building Fund (GBF) totalling £85m; £42.5m of this fund was awarded and transferred to partners in 2020/21; the remaining £42.5m was received by the Accountable Body in May 2021 and was transferred in full to Partners by 31/03/22.

During 2022/23, the cancellation of a number of Projects has seen the return of £15.4m of GBF – further details are set out in Agenda item 7.

Of the funding to be carried forward into 2023/24 by the Accountable Body, £1.742m is allocated to Projects and £2.049m remains unallocated and is planned to be allocated to new projects, alongside the award of GPF, through a combined process to be established in 2023/24. Details on this process are due to be considered by the SELEP Strategic Board in July 2023.

3.9 Funding Risks into 2023/24

- 3.9.1 The Government have advised that £250,000 of funding may be made available to SELEP in 2023/24; this is subject to an application process and SELEP is now waiting for confirmation that this will be received. Unlike in previous years, this funding was not subject to match funding from Partner Authorities and the SELEP Chief Executive Officer (CEO) has advised that no match funding is intended to be sought in recognition that local partners may be incurring their own additional costs to support the transition arrangements for LEPs into 2024/25.
- 3.9.2 In the March announcement of the Government's budget, it was strongly suggested with a 'minded to' announcement that no further

Core Funding would be made available for LEPs after 2023/24. The Government are currently engaging with LEPs and Local Authorities to understand the impact of no future funding, with an expectation that LEP functions are transitioned across to Local Authorities. The implications of this announcement for SELEP are still to be fully assessed and planned for; senior officers across the partnership have initiated early conversations in this respect. See agenda item 5 that considers this risk further.

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

- Financial oversight, management and reporting on the grant and loan agreements Essex County Council has put in place on behalf of SELEP; the longest agreement currently expires 2034/35;
- Costs associated with employing the Secretariat, including potential redundancy costs;
- Operational costs of SELEP and any costs specifically associated with the operation of South East LEP Ltd.
- Other risks being managed by the Accountable Body on behalf of SELEP.

3.9.4 A key mitigation to the identified risks is the agreed approach to managing the SELEP reserves. The level of the reserves is based on the latest estimate of known commitments and risks; this continues to be subject to review as part of the on-going financial monitoring and forms part of the reporting to the Board on a quarterly basis. The latest assessment of the reserves is set out in 3.10 below; any changes to the level of reserves is subject to a decision by the Board.

3.10 Reserves

3.10.1 The provisional outturn position for 2022/23 is for a net contribution to the Operational reserve of £159,993 (see Table 1). This position assumes receipt and application of the grants set out in Table 3, received from the respective Government departments. The provisional outturn position reflects an improvement over the budgeted position of a £540,000 withdrawal from reserves. The impact of this improved position is to increase the reserves available to support SELEP into 2023/24.

3.10.2 Table 5 summarises the level of Operational Reserves that will be available to support SELEP based on the provisional outturn position. This confirms a balance of £1.462m remained at the end of March 2023 to support delivery into 2023/24. In addition, a further £1.742m

of Earmarked reserves are also set out in Table 5; demonstrating a total use of reserves in 2022/23 of £1.520m supporting the delivery of SELEP activities and programmes.

- 3.10.3 The reserves position will continue to be actively monitored, to provide assurance that, as far as possible, funding remains available to support the core activities of SELEP, taking into account the on-going commitments and risks arising, both in respect of SELEP and Essex County Council in its role as the Accountable Body for SELEP.

Table 5: 2022/23 Provisional Outturn Reserves Summary

	Opening Balance Apr '22	Contributions	Withdrawals	Closing Balance Mar '23	Net Movement in Reserves
	£'000	£'000	£'000	£'000	£'000
Operational Reserve	(1,302)	(272)	112	(1,462)	(160)
Reserves Earmarked for future use					
Covid-19 Skills Support Fund	(672)		538	(134)	538
Covid-19 Business Support Fund	(1,189)		1,189	-	1,189
Redundancy Reserve	(163)	(47)		(210)	(47)
Future Commitments Reserve	(423)			(423)	-
Risk Reserve	(975)		-	(975)	-
Total Reserves	(4,723)	(319)	1,839	(3,204)	1,520

Note: Table may not sum due to rounding

3.11 Impact for the Future Funding Position

- 3.11.1 The improved position in the Operational Reserves compared to the budget, has meant that an additional £700,000 remains in the reserve than had been anticipated when the budget was set in July 2022. This improved position means that there is additional funding available to support the SELEP delivery through 2023/24 and the future transition arrangements into 2024/25.
- 3.11.2 The Accountable Body is providing support to the SELEP CEO in developing options to be presented to the SELEP Strategic Board in July to support agreement in the scope and form of the transition arrangements. The options will need to take into account the available funding and, once clarified, an updated budget for 2023/24 will be brought to the September meeting of the Board for approval.
- 3.11.3 The revised budget will also take into account whether SELEP has received the Core Funding of £250,000 to support delivery in 2023/24; an application was made at the end of May to receive the funding – a verbal update will be provided to the Board to confirm the status of the funding, at the June meeting. Receipt of this additional funding will further reduce the impact on reserves in supporting the 2023/24 budget, therefore, potentially making additional funding available to support the transition arrangements of the SELEP.

3.11.4 The Government have indicated that 2023/24 will likely be the final year of Core Funding; this means that SELEP will be dependent on its reserves to support future delivery, and those of the Accountable Body to support SELEP, until its functions are fully transitioned to the Partner Authorities.

4 Financial Implications (Accountable Body comments)

- 4.1 This report has been authored by the Accountable Body and the recommendations are considered appropriate.
- 4.2 The provisional 2022/23 revenue outturn is considered to be robust and the level of reserves held is sufficient to support activities into 2023/24. However, due to the on-going uncertainties with respect to the future of the LEP, there remain budget risks and opportunities into 2023/24.
- 4.3 A number of the SELEP Secretariat staff are currently funded through specific grants which are only confirmed on an annual basis; this builds in additional risk to assuring employment and delivery; this risk is mitigated through the proposed budget and reserves.
- 4.4 Given the uncertain future position for the SELEP, it will be necessary to consider carefully the impact of future decisions with respect to the available funding, including new funding streams, to ensure that sufficient resources remain available to support existing, and any new, commitments arising.
- 4.5 The Accountable Body will continue to support the Secretariat in reviewing the budget options for future years and in understanding the impact of any changes required as a result of the potential transition of services to the upper tier Local Authority partners in the SELEP geography.
- 4.6 Any future arrangements will need to ensure that the Accountable Body is not exposed to new or additional costs without agreed funding in place; this includes consideration of the future arrangements for the SELEP Secretariat employees that are currently employed by the Accountable Body.

5 Legal Implications (Accountable Body comments)

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

6 Equality and Diversity implication

- 6.1 Section 149 of the Equality Act 2010 creates the public sector equality duty which requires that when a public sector body makes decisions it must have regard to the need to:
- (a) Eliminate unlawful discrimination, harassment and victimisation and other behaviour prohibited by the Act

- (b) Advance equality of opportunity between people who share a protected characteristic and those who do not.
- (c) Foster good relations between people who share a protected characteristic and those who do not including tackling prejudice and promoting understanding.

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

6.3 In the course of the development of the budget, the delivery of the service and their ongoing commitment to equality and diversity, the Accountable Body will ensure that any equality implications are considered as part of their decision-making process and where possible identify mitigating factors where an impact against any of the protected characteristics has been identified.

7 List of Appendices

7.1 Appendix 1 – Specific Grant Summary

8 List of Background Papers

8.1 None

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

Role	Date
Accountable Body sign off Michael Neumann (On behalf of Nicole Wood, S151 Officer Essex County Council)	08/06/2023

Specific Revenue Grant Summary

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

Table A: Total Specific Grant Expenditure Summary

Specific Grant Summary - Revenue	Provisional	Latest Budget	Variance	Variance
	Outturn			
	£000	£000	£000	%
Recharges (incl. Accountable Body)	139	146	(7)	-5%
Office expenses	-	-	-	0%
Consultancy and projects	104	102	1	0%
Grants to third parties	350	576	(226)	-39%
Match Fund to 3rd Party	74	9	65	0%
Contribution to Reserves	227	-	227	0%
Total Expenditure	893	833	60	7%
Grant Income	(893)	(833)	(60.0)	7%
Total income	(893)	(833)	(60.0)	7%
Net position	-	-	0.00	0%

Sector Support Fund (SSF)

It was agreed by Strategic Board in June 2017, the £1.5m of the GPF revenue grant would be used to establish a fund to support Pan-LEP projects. In July 2020, the Board agreed to re-purpose £1m of the GPF loan fund to extend the SSF scheme to support COVID recovery projects and projects to support Brexit activities. At the end of 2020/21, £0.126m remained unallocated and in November 2021, the Board agreed to reallocate this amount to the Operational Reserve and to close the scheme. A balance of £303,500 was held at the beginning of April 2022 that was allocated to Projects but had not yet transferred to Local Partners; of this amount, £225,993 has subsequently been identified as no longer required and has been transferred to the Operational Reserves; the remaining funding has been transferred, or has committed to be transferred to the respective partner projects. No monies remain in the fund at the end of 2022/23.

Table B: SSF Expenditure Summary

Sector Support Fund	Provisional	Latest Budget	Variance	Variance
	Outturn			
	£000	£000	£000	%
Recharges (incl. Accountable Body)	-	-	-	
Office expenses	-	-	-	
Consultancy and projects	-	-	-	
Grants to third parties	78	303	(226)	
Contribution to Reserves	226	-	226	
Total Expenditure	303	303	-	
Grant Income	(303)	(303)	-	
Total income	(303)	(303)	-	
Net position	-	-	-	0.0%

Growth Hub Revenue Grant

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

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

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

Table C: Growth Hub Grant Expenditure Summary

Growth Hub	Provisional	Latest Budget	Variance	Variance
	Outturn			
	£000	£000	£000	%
Recharges (incl. Accountable Body)	84	84	-	
Office expenses			-	
Consultancy and projects	89	89	-	
Grants to third parties	272	272	-	
Total Expenditure	445	445	-	
Grant Income	(445)	(445)	-	
Total income	(445)	(445)	-	
Net position	-	-	-	0.0%

Skills Analysis Panels (SAP) Grant

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

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

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

Table D: Skills Analysis Panel Expenditure Summary

Skills Analysis Panels (SAP) Grant	Provisional Outturn £000	Latest Budget £000	Variance £000	Variance %
Recharges (incl. Accountable Body)	40	42	(2)	
Office expenses	-	-	-	
Consultancy and projects	15	13	2	
Grants to third parties	-	-	-	
Total Expenditure	55	55	-	
Grant Income	(55)	(55)	-	
Total income	(55)	(55)	-	
Net position	-	-	-	0.0%

Local Digital Skills Partnership Catalyst Grant

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

The partnership is a cross-sector collaboration, initiated by SELEP, to tackle local digital skills gaps. The provisional outturn reflects a slight change to the budgeted position to reflect that the role is no longer filled within the SELEP team following a resignation, enabling £10,000 to be available to support continuation of the service by Catalyst South.

Also, a further funding of £60,000 was received in 2022/23; This funding has also been transferred to support the continuation of the service by Catalyst South.

Table E: Local Digital Skills Partnership Catalyst Grant Expenditure Summary

Local Digital Skills Partnership Catalyst Grant	Provisional Outturn £000	Latest Budget £000	Variance £000	Variance %
Recharges (incl. Accountable Body)	15	20	(5)	
Office expenses	-	-	-	
Consultancy and projects		-	-	
Grants to third parties	-	-	-	
Match fund to 3rd party	74	9.0	65	
Total Expenditure	89	29	60	
Grant Income	(89)	(29)	(60)	
Total income	(89)	(29)	(60)	
Net position	-	-	-	0.0%

Additional Grants

In addition to those grants set out above, SELEP was also holding a residual £927 in respect of the Energy Strategy Grant; Government have agreed that SELEP may use this residual balance to support their Net Zero activities, rather than specifically for the purposes that it was originally intended, and as such, this amount was agreed to be transferred to the SELEP Operational Reserve.

Report title: Getting Building Fund Capital Programme update	
Report to: Accountability Board	
Report author: Helen Dyer, SELEP Capital Programme Manager	
Meeting date: 16 June 2023	For: Decision
Enquiries to: helen.dyer@southeastlep.com	
SELEP Partner Authority affected: All	

1. Purpose of report

- 1.1. The purpose of this report is for the Accountability Board (the Board) to consider the overall position of the Getting Building Fund (GBF) capital programme. The report includes an update on those projects which have received approval for retention of GBF funding beyond March 2022 and provides an update on GBF spend to date.

2. Recommendations

- 2.1. The Board is asked to:
- 2.1.1. **Note** the current forecast spend across the GBF programme for the 2023/24 financial year of £7.979m (excluding GBF funding which is not currently allocated to projects), as set out in Table 1.
- 2.1.2. **Agree** the reported GBF spend on project delivery in 2022/23 of £15.508m, as set out in Table 1 and Appendix A.
- 2.1.3. **Note** the deliverability and risk assessment, as set out in Appendix C.

3. Summary Position

- 3.1. Since the commencement of the GBF programme, the Board has agreed the removal of the following four projects from the GBF programme:
- 3.1.1. Fast Track Business Solutions for the Hastings Manufacturing Sector project – GBF allocation £3.5m
- 3.1.2. Riding Sunbeams Solar Railways project – GBF allocation £2.5275m
- 3.1.3. Laindon Place project – GBF allocation £0.79m
- 3.1.4. Swan Modular Housing Factory project – GBF allocation £4.53m

Getting Building Fund Capital Programme Update

- 3.2. A project pipeline was developed at the outset of the GBF programme and this pipeline was used to facilitate the reallocation of the £3.5m funding originally allocated to the Fast Track Business Solutions for the Hastings Manufacturing Sector project. The reallocation of this funding exhausted the agreed GBF pipeline, prompting the need for the creation of a new pipeline to enable the reallocation of any further funding returned to SELEP.
- 3.3. In August 2022, the Strategic Board agreed that the available GBF funding should be used to support existing GBF projects which have experienced cost increases due to high levels of inflation and the impacts of the COVID-19 pandemic and Brexit. In addition, applications for GBF funding were invited from existing GBF projects which were seeking to deliver further phases of the project.
- 3.4. The new GBF prioritised project pipeline, with the exception of the Success Essex projects, was agreed by the Strategic Board on 21 October 2022. The inclusion of the Success Essex projects was agreed via Electronic Procedure on 10 November 2022.
- 3.5. The new project pipeline has been used to facilitate the reallocation of the majority of the funding returned to SELEP as a result of the project cancellations referenced above. However, the pipeline has now been exhausted and there continues to be an unallocated GBF balance of £2.049m. An approach to reallocating the available GBF funding needs to be established.
- 3.6. The original purpose of the GBF funding was to support shovel ready projects which could be delivered by 31 March 2022 and therefore it is not considered appropriate to repeat the process used in late 2022 to create the new pipeline as this essentially penalises those projects which have delivered in accordance with the expectations of the fund. In addition, there are significant resource implications for all involved parties should a similar prioritisation process be run again. The impact on available resources will be further intensified as a result of the need to progress a further round of the Growing Places Fund (GPF) in 2023/24. There is currently insufficient capacity within the SELEP team to manage two separate funding processes running in parallel.
- 3.7. As a result of these factors, advice was sought from Government as to whether the remaining unallocated GBF funding could be combined with the available GPF funding, therefore allowing the award of all available funding to be managed through one process.
- 3.8. The advice received from Government indicated that as the GBF funding is un-ringfenced, technically the funding can be used by LEPs in any way they choose, as long as the conditions of the Grant Determination Letter are met, which, in effect, requires that the funding is used for Capital Investment. Government officials indicated that it would appear sensible, given that a new round of GPF is planned anyway, to combine the available GBF and GPF funding to increase the level of funding available through the funding round. There would be a requirement for the GBF element of the funding to be ringfenced for capital projects which are GBF compatible (shovel ready projects with short delivery programmes) and for Government to be fully informed as to the decisions being taken.
- 3.9. In light of this advice and following engagement with the Section 151 Officer of the Accountable Body, it was recommended to the Strategic Board that the award of the

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available GBF funding is managed alongside the award of the available GPF funding, allowing one combined process to be undertaken. This approach was agreed by the Strategic Board at their February 2023 meeting, subject to consideration being given to all comments made during the meeting (as outlined in the draft Strategic Board minutes).

- 3.10. Subsequent to this Strategic Board decision, Central Government made the announcement in the annual Budget that they were minded to not provide any further core funding for LEP's after 2023/24 and that LEP functions should be integrated into Local Authorities. Government have been conducting an information gathering exercise to inform the next steps towards integration with a view to setting out their position prior to Parliament's Summer recess.
- 3.11. Whilst awaiting further information from Government, there has been a need to undertake a significant amount of work to establish how SELEP operations can be effectively integrated into Local Authorities, whilst safeguarding key activities which need to be conducted at a regional level. This work has included a review of options for use of the available GPF funding, and by extension the GBF funding, and it is intended that proposals will be presented to the Strategic Board at their meeting in July 2023. Prior to the Strategic Board meeting, discussions will be held with both officers and Board members with regard to both the proposed integration arrangements and the optimal use of the available capital funding.

4. Getting Building Fund spend position

- 4.1. At the outset of the programme there was a clear expectation from Government that the GBF funding should be spent in full by 31 March 2022. However, the construction industry has been significantly impacted by the COVID-19 pandemic and projects have experienced a range of issues including:
 - 4.1.1. Labour and materials shortages
 - 4.1.2. Increasing costs
 - 4.1.3. Extended lead in times for materials and extended response times from utility providers.
- 4.2. Due to these issues, it was not possible to achieve full GBF spend by 31 March 2022. Consequently, Government revised their expectations and required full GBF spend by 31 March 2023. To this end, in July 2021, the Board agreed that GBF funding could be retained against projects beyond March 2022 for a maximum period of 6 months and a number of projects sought permission to retain their GBF funding to September 2022. Subsequently, the Board agreed that in exceptional circumstances projects could be granted a further extension on GBF spend. In accordance with the expectations of Central Government, the maximum extension available to any project in the GBF programme was to 31 March 2023.
- 4.3. At the November 2022 Board meeting, all projects appeared to be on track to complete their GBF spend by 31 March 2023 as required. However, since that meeting, the situation has changed as outlined at the January 2023 Board meeting.

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- 4.4. In December 2022, Swan Housing advised Essex County Council of their intention to close their modular housing arm therefore negating the need for their new modular housing factory that was being supported with GBF funding. As a result of this decision, in January 2023, the Board approved the removal of the project from the GBF programme and required the return of the full £4.53m funding award for reallocation to alternative projects.
- 4.5. As detailed in Section 3 of this report, the funding removed from the Swan Modular Housing Factory project has been reallocated to support all remaining projects on the new GBF prioritised project pipeline. This pipeline has now been exhausted but £2.049m GBF remains unallocated. A new process to support the reallocation of this funding will need to be established and agreed by the Strategic Board before it can be implemented and therefore it was not possible for the remaining £2.049m GBF to be spent by 31 March 2023.
- 4.6. In light of this development, advice was sought from Government as to their position with regard to any GBF spend which extended beyond 31 March 2023. The advice received from Government was as follows: *'LEPs do have the ability to move GBF funding into 23/24. Ultimately the decision lies with the Accountable Body's Section 151 Officer. If they are content to move funding into 23/24, then we would go with that decision.'*
- 4.7. After due consideration and engagement with the Section 151 Officer for the Accountable Body, it was agreed to allow GBF spend to extend into Q1 2023/24 in exceptional circumstances but that spend should be complete by 30 June 2023 at the latest. This applies to all existing projects within the GBF programme. An alternative timeline for spend of the currently unallocated funding will be agreed as part of the reallocation process.
- 4.8. Whilst the proposed approach to managing the reallocation of the available GBF funding is in line with the advice received from Government, the outcome of SELEP's Annual Performance Review did identify a concern regarding the continuation of GBF spend into 2023/24. It is therefore important that efforts continue to be made to reallocate the available GBF funding and complete spend at the earliest possible opportunity.
- 4.9. The Board has agreed that GBF funding can be retained against 9 projects to 30 June 2023, including Extension of the full-fibre broadband rollout in Essex to reach rural and hard to reach premises, Enterprise Centre for Horizon 120 Business Park, Jaywick Market and Commercial Space, Tendring Bikes and Cycle Infrastructure, Tindal Square Chelmsford, Techfort – Phase 2, Better Queensway, South Essex No Use Empty and ASELA LFFN Phase 3.
- 4.10. Whilst all 9 projects are currently forecasting full spend of their GBF funding allocations by 30 June 2023, it should be noted that there is a risk in relation to the spend of additional GBF funding awarded in January 2023 to 5 Essex projects (Extension of the full-fibre broadband rollout in Essex to reach rural and hard to reach premises, Enterprise Centre for Horizon 120 Business Park, Jaywick Market and Commercial Space, Tendring Bikes and Cycle Infrastructure and Tindal Square Chelmsford).
- 4.11. As indicated at the last Board meeting, Essex County Council (as responsible Upper Tier Local Authority) experienced delays in securing the return of £3.071m GBF funding which had already been released to Swan Housing to support delivery of the Modular Housing

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Factory project. This funding has now been returned in full and continues to be held by Essex County Council (as Accountable Body for SELEP). £1.297m of this GBF funding is due to be released to Essex County Council (as responsible Upper Tier Local Authority) to support delivery of the projects listed at Section 4.10 of this report. However, this funding cannot be released until all required internal governance processes have been completed by Essex County Council (as responsible Upper Tier Local Authority) and therefore, depending upon the time required to complete the necessary governance, it may not be possible for the funding to be spent in full by 30 June 2023 as previously agreed by the Board.

- 4.12. All other projects in the GBF programme have reported full spend of the GBF funding by 31 March 2023.
- 4.13. Table 1 below sets out the updated GBF spend forecast for 2022/23 and 2023/24. This table takes into account the extended GBF spend profiles for all projects forecasting spend beyond March 2022 and assumes full spend of the allocated GBF funding by 30 June 2023. The currently unallocated GBF funding is shown in the table but the timeline for spend of this funding is yet to be confirmed.
- 4.14. It should be noted that GBF quarterly reporting was not provided by Medway Council in advance of this meeting and therefore the information included within this report and the accompanying appendices may not reflect the latest position.

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

GBF (£m)						
Local Authority	Actual GBF spend - 2020/21	Actual GBF spend - 2021/22	Actual GBF spend - 2022/23	Forecast GBF spend - Q1 2023/24	GBF Total Allocation	% of GBF funding spent by 31 March 2023
East Sussex	1.656	2.437	1.999	0.000	6.092	100.0%
Essex	3.497	13.256	6.607	1.691	25.051	93.2%
Kent	6.201	27.179	5.409	0.850	39.639	97.9%
Medway	0.205	2.563	0.400	0.000	3.168	100.0%
Southend-on-Sea	0.000	0.000	0.462	5.438	5.900	7.8%
Thurrock	0.946	1.523	0.631	0.000	3.100	100.0%
Unallocated	0.000	0.000	0.000	0.000	2.049	0.0%
Total	12.505	46.958	15.508	7.979	85.000	88.2%

- 4.15. Reported GBF spend in 2022/23 was lower than forecast but shows a significant increase compared to the level of GBF spend reported at the last Board meeting (£7.373m). At the outset of the financial year, spend of £18.238m was forecast whereas actual spend reported totals £15.508m. This reduction in spend compared to the forecast is reflective of the number of projects which have sought approval for retention of their GBF funding allocation to 30 June 2023 and demonstrates the impact of reallocation decisions taken during the course of the year.

- 4.16. Table 1 demonstrates that 5 of the 6 Upper Tier Local Authorities within the SELEP area achieved more than 90% of their GBF spend by 31 March 2023. By contrast, Southend-on-Sea City Council have only confirmed spend of 7.8% of their GBF funding allocation. This is due to a number of factors, including a delay in issuing the £4.2m GBF awarded to the Better Queensway project due to extended merger discussions involving Swan Housing (further details are provided in Agenda Item 8) and the late award of funding to the ASELA LFFN Phase 3 project. All 3 GBF projects in Southend have received approval to retain their GBF funding allocations to 30 June 2023, and assurances have been provided that all projects remain on track to complete their GBF spend in accordance with this decision.
- 4.17. It was intended that the Board would be asked to agree the 2022/23 year end position at this meeting, however, this will not be possible due to Medway Council failing to submit their quarterly reporting in time for inclusion in this report. Subject to all required reporting being received, the 2022/23 year end position will now be confirmed at the September 2023 Board meeting.
- 4.18. It should be noted that if any of the remaining 9 projects fail to complete their GBF spend by 30 June 2023, the affected projects will be operating outside the scope of the decisions taken by the Board resulting in their GBF funding being at risk. There would be a requirement for the Board to agree retention of the funding against the affected projects at the next Board meeting and if the extensions were not agreed, the funding spent other than in accordance with the decisions of the Board would need to be returned to Essex County Council, as Accountable Body for SELEP, for reallocation to alternative projects.
- 4.19. To date, 31 of the 40 projects included in the GBF programme have fully spent their GBF funding allocation.
- 4.20. 19 projects within the GBF programme have been reported as complete. A number of projects which have spent their full GBF allocation are ongoing due to spend of match funding contributions. This information is set out within Appendix C – Project deliverability and risk update.
- 5. Update on projects which have received approval for retention of GBF funding beyond March 2022**
- 5.1. Updates on all projects which have received approval for retention of GBF funding beyond March 2022 will be provided at each Board meeting to ensure that the projects remain on track to complete GBF spend by 30 June 2023 at the latest.
- 5.2. To date, the Board has approved the retention of GBF funding beyond March 2022 against 21 projects and updates on all of these projects are provided in Appendix D.
- 5.3. The projects which are reporting GBF spend beyond March 2022 are all progressing, with 12 of the 21 projects reporting full spend of the GBF funding allocation by 31 March 2023. It is understood that all projects are still expected to be able to deliver in accordance with their agreed Business Case, but that additional time has been required and value engineering may need to be employed to enable this.

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- 5.4. The Extension of full-fibre broadband rollout in Essex to reach rural and hard to reach premises, Techfort – Phase 2, Better Queensway and No Use Empty South Essex projects have been identified as High risk and consequently a more comprehensive update is provided under Agenda Item 8.
- 5.5. There are five further projects which are reporting ongoing spend of GBF funding into 2023/24, including Enterprise Centre for Horizon 120 Business and Innovation Park, Jaywick Market and Commercial Space, Tendring Bikes and Cycle Infrastructure, Tindal Square Chelmsford and ASELA LFFN – Phase 3.
- 5.6. Whilst assurances have been provided with regard to completion of GBF spend by 30 June 2023, there is an identified risk (as set out in Section 4.11 of this report) that spend of the GBF funding allocated to the Enterprise Centre for Horizon 120 Business and Innovation Park, Jaywick Market and Commercial Space, Tendring Bikes and Cycle Infrastructure and Tindal Square Chelmsford projects will not complete by 30 June 2023. This risk will be closely monitored and, if required, further decisions on these projects will be brought to the Board in September 2023.
- 5.7. Despite the identified spend risk, it is understood that delivery of the Jaywick Market and Commercial Space, Tendring Bikes and Cycle Infrastructure and Tindal Square Chelmsford projects is progressing well.
- 5.8. As the Board will recall, the ASELA LFFN Phase 3 project was awarded £500,000 GBF funding in November 2022. At the time of the funding decision it was agreed that the funding should be released to Thurrock Council, as had been the case with the ASELA LFFN Phase 2 project. However, shortly after this decision was taken, Thurrock Council issued a Section 114 notice as they were unable to balance their budget. As a consequence, alternative options for release of the funding were considered and the Board agreed that the funding should be released to Southend-on-Sea City Council, rather than Thurrock Council. This change in recipient delayed the completion of the required Variation Agreement which formalised the award of funding to the project, with this agreement not completed until 28 February 2023. ASELA were unable to contractually commit to delivering the project until the Variation Agreement was in place, which delayed the start of the project. However, the project is now progressing well and it is expected that the GBF funding will be spent in full by 30 June 2023.

6. Deliverability and Risk

- 6.1. Appendix C sets out a delivery update and risk assessment for all projects included in the GBF programme. This provides a detailed breakdown of the delivery progress for each project, relative to the expected completion dates, as set out in the original Business Cases.
- 6.2. The summary project risk assessment position is set out in Table 2 below. A score of 5 represents high risk (red) whereas a score of 1 represents low risk (green).
- 6.3. The risk assessment has been conducted for GBF projects based on:

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- 6.3.1. **Delivery** – considers project delays, any delays to the delivery of the project outputs/outcomes and delays in submission of the required post scheme completion Monitoring and Evaluation reports. SELEP has considered the delay between the original expected project completion date (as stated in the project Business Case) and the updated forecast project completion date.
- 6.3.2. To ensure consistency with Government guidance on the assessment of GBF project deliverability risk, all projects with a greater than 3 month delay are shown as having a risk of greater than 4 (Amber/Red), unless the project has now been delivered and there is no substantial impact on the expected project outcomes delivery.
- 6.3.3. **Finances** – considers changes to project spend profiles, project budget, certainty of match funding contributions and the amount of GBF funding which remains unspent at the end of Q4 2022/23.
- 6.3.4. **Reputation** – considers the reputational risk for the delivery partner, relevant Upper Tier Local Authority and SELEP Ltd.

Table 2: Summary of GBF project risk

Risk Score	Number of projects	GBF allocation to projects (£m)	GBF spend forecast in 2023/24
Low Risk - 1	10	19.188	0.000
Low/Medium Risk - 2	13	22.254	0.642
Medium Risk - 3	10	17.710	0.863
Medium/High Risk - 4	3	15.252	0.118
High Risk - 5	4	8.547	6.356
Total	40	82.951	7.979

- 6.4. In total £8.547m GBF is allocated to High risk projects, with £6.356m of this funding unspent at the end of 2022/23. The currently unallocated GBF funding (£2.049m) has been included within Appendix C but a risk assessment has not been applied to this funding and as a result the GBF funding allocation in Table 2 does not add up to £85m.
- 6.5. A number of projects are considered to present a High financial risk due to the profiling of the GBF funding. Projects which are forecasting a high proportion of GBF spend in Q1 2023/24 have been assessed as Medium/High Risk or High Risk. If delivery is progressing to programme, these projects are not automatically assumed to be High Risk in all areas and are therefore not all reflected within the 4 High Risk projects identified in Table 2. These projects will be monitored closely, and the Board will be updated if, due to deliverability concerns, the overall project RAG rating increases.
- 6.6. The 4 High Risk projects identified in Table 2 are:

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- 6.6.1. Extension of the full-fibre broadband rollout in Essex to reach rural and hard to reach premises
 - 6.6.2. Techfort – Phase 2
 - 6.6.3. Better Queensway
 - 6.6.4. No Use Empty South Essex
- 6.7. Extension of the full-fibre broadband rollout in Essex to reach rural and hard to reach premises, Techfort – Phase 2 and No Use Empty South Essex projects have been identified as High risk due to reported GBF spend to the end of 2022/23 being lower than forecast, resulting in higher levels of expected spend in Q1 2023/24. This presents a risk as the Board has previously agreed in conjunction with Essex County Council (as the Accountable Body for SELEP) that all GBF spend should be completed by 30 June 2023.
- 6.8. The Better Queensway project continues to be identified as High Risk as there is an outstanding requirement for Southend-on-Sea City Council to provide assurances regarding the ongoing delivery of the wider project following the completion of the merger between Swan Housing and Sanctuary Housing Association. It was anticipated that these assurances would be provided at this meeting, however, additional time has been required for Sanctuary Housing Association to complete their required due diligence and to review the business plan for the project. Once this work has completed, a more comprehensive update on the project will be provided to the Board, including the required assurances regarding delivery of the wider project.
- 6.9. An update on all 4 High risk projects is set out under Agenda Item 8.

7. GBF Programme Risks

- 7.1. In addition to project specific risks, Appendix B sets out the overall programme risks. A key risk relates to the affordability of the GBF projects following widespread reports of increased materials and labour costs following the COVID-19 pandemic. This has been further exacerbated by extended lead in times for some materials, rising inflation and extended response times from utility providers and other statutory bodies. These factors have led to a delay in delivery for a number of the GBF projects and have resulted in a number of projects having to seek additional funding to bridge a funding gap which wasn't expected at the outset of the programme. The recent award of the additional GBF funding to existing GBF projects has helped to partially mitigate this risk. Other mitigation measures currently being employed include:
- 7.1.1. value engineering in an attempt to reduce the total project cost but this approach risks adversely impacting on the outputs or outcomes offered by the project;
 - 7.1.2. purchase of all materials at the outset of the construction programme in order to offset the risk of further cost increases; and
 - 7.1.3. identifying alternative suppliers or alternative solutions so as to mitigate both cost increases and extended lead in periods.

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- 7.2. As an increasing number of GBF projects reach completion, the severity of this risk will begin to decline.
- 7.3. In addition, the economic impacts of the COVID-19 pandemic present a significant risk to the delivery of the benefits expected through the GBF investment. It is anticipated that GBF funding project benefits will be realised at a slower rate than expected, with some projects potentially reporting reduced benefits. This risk will be closely monitored as the programme reaches a conclusion. Changes to expected project benefits will be identified through the post scheme completion Monitoring and Evaluation process. Post scheme completion reporting for those projects which delivered prior to 31 March 2022 is now overdue for submission and engagement with local partner authorities in this regard will be prioritised.
- 7.4. There has been a clear expectation from Government that the GBF funding should be spent in full by 31 March 2023, and failure to do so would represent a significant reputational risk for both SELEP and the responsible Upper Tier Local Authorities. As a result of the late cancellation of the Swan Modular Housing Factory project, and the exhaustion of the new GBF project pipeline, this risk materialised. Whilst Government have been kept fully apprised of the situation, the outcome of SELEP's Annual Performance Review did identify a concern regarding the continuation of GBF spend into 2023/24. It is therefore important that efforts are made to reallocate the available GBF funding and complete spend at the earliest possible opportunity, whilst also being mindful of the processes which must be followed in order to comply with the requirements of the SELEP Assurance Framework.
- 7.5. There is also a risk that once the GBF funding has been fully defrayed to local partners that completion of the required quarterly reporting will not be prioritised, which is likely to result in the reporting either not being submitted to SELEP (as is the case with Medway Council at this meeting) or being submitted late. If the reporting is not provided in a timely manner, there will be insufficient time for the contents to be fully reviewed and to allow challenge where required to ensure that the Board are provided with a complete and robust update on delivery of the GBF programme.

8. Financial Implications (Accountable Body comments)

- 8.1. 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. GBF is a capital grant awarded by Government and is subject to the following condition:

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

- 8.2. This condition requires that the grant is used to fund Capital expenditure; no end date for use of the grant is included within the conditions, however, it was the expectation of Government that it was used to fund the GBF projects and that it would be defrayed in full by the end of March 2022.
- 8.3. With the GBF allocated to each project having been transferred in advance to the Local Authorities, there is a requirement for the Board to continue to effectively monitor the

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progress of the GBF projects in order to provide assurance of delivery in line with the agreed business cases.

- 8.4. Further, this gives the Board oversight of potential risks which may impact delivery of GBF projects along with proposed mitigations; this is of particular importance due to the current uncertain economic climate and increasing inflation, together with ongoing impacts experienced following the Covid-19 pandemic and Brexit.
- 8.5. To support this monitoring, the SLAs set out the requirement for Partner Authorities to provide regular update reports to SELEP and the Accountable Body in the timescales and format specified by the SELEP Secretariat, to inform the updates to the Board and Government. Should the funding not be utilised in accordance with the conditions, Government may request return of the funding.
- 8.6. The cancellation of some projects during the 2022/23 financial year has required the return of GBF funding to the Accountable Body to be reallocated to other Projects on the pipeline in accordance with the decisions of the Board.
- 8.7. The representative of the Section 151 officer of the Accountable Body gave support to the decision made at the January 2023 Board meeting, to allow spend on GBF projects into quarter one of 2023/24, where this is approved by the Accountability Board. Spend beyond this period by GBF projects would not be supported at this point without further consideration of the resource implications to continue to monitor delayed schemes for an additional period; this is of particular note given the well reported financial uncertainties for the SELEP beyond 2023/24.
- 8.8. The latest forecast (table 1) indicates that £25.537m of the total £85m GBF allocation will be spent after 31 March 2022, of which £7.979m will be spent after 31 March 2023, of which £2.049m is now unallocated. As the conditions of the grant from Government do not include an end date, there is no risk of clawback by Government due to spend beyond 31 March 2022; however, there is reputational risk to SELEP and potential risk to future funding streams where defrayal of funding and delivery cannot be demonstrated – Government review this as part of the Annual Performance Review of LEPs.
- 8.9. The proposal to combine the GBF and GPF funds into one scheme is supported to reduce the overhead of managing two schemes; as both these funds are required to be used to support Capital Investment, there is no restriction in this respect, to manage as a single scheme. GPF was allocated to SELEP in order that it can be operated as a recyclable loan scheme to support capital investment; in reviewing options for use of the unallocated GBF, this could be applied as a loan or as a grant, providing that the condition for use for capital purposes is met, alongside the other requirements of the SELEP Assurance Framework, including assuring value for money. In reviewing options available, the Accountable Body will continue to support the SELEP Secretariat to ensure that those requirements are adhered to, as well as consideration given to the affordability of operating any options proposed.

9. Legal Implications (Accountable Body comments)

- 9.1. The funding is administered in accordance with the Service Level Agreements in place between Essex County Council, as Accountable Body of SELEP, SELEP Ltd and the Partner Authority. The SLA contains provisions that permit the Accountability Board to take a decision to require funding is repaid (either in all or in part) if the Partner Authority fails to deliver the project in accordance with the business case, a project is changed and the Accountability Board decline to agree the change, or if the project can no longer meet the grant conditions.

10. Equality and Diversity Implications

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

11. List of Appendices

- 11.1. Appendix A – GBF Spend Position
- 11.2. Appendix B – Programme Risk Register
- 11.3. Appendix C - Project deliverability and risk update
- 11.4. Appendix D – Update on projects which have received approval for retention of GBF funding beyond March 2022

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

Role	Date
Accountable Body sign off Michael Neumann (on behalf of Nicole Wood, S151 Officer, Essex County Council)	07/06/2023

Appendix A - GBF Spend Position											
Project Number	Project Name	GBF Allocation (£)	2020/21 Actual	2021/22 Actual	Q1 2022/23 Actual	Q2 2022/23 Actual	Q3 2022/23 Actual	Q4 2022/23 Actual	2022/23 Actual	2023/24 Q1 Forecast	Total Actual + Forecast
East Sussex											
GBF003	Restoring the Glory of the Winter Garden	1,600,000	577,764	1,022,236							1,600,000
GBF004	The Observer Building, Hastings (Phase 2) Option A	2,028,000	934,678	778,322				315,000	315,000		2,028,000
GBF009	Charleston's access road: removing the barrier to growth	329,835		329,835							329,835
GBF010	Creative Hub, 4 Fisher Street, Lewes	250,000	143,116	106,884							250,000
GBF012	Sussex Innovation Falmer - Covid Secure adaptations-	200,000		200,000							200,000
GBF013	UTC Maritime & Sustainable Technology Hub	1,300,000					554,900	745,100	1,300,000		1,300,000
GBF039	Food Street, Eastbourne	100,000					100,000		100,000		100,000
GBF040	Seven Sisters Country Park Visitor Infrastructure Uplift	284,100				54,840	145,160	84,100	284,100		284,100
		6,091,935	1,655,558	2,437,277		54,840	800,060	1,144,200	1,999,100		6,091,935
Essex											
GBF005	Acceleration of full-fibre broadband deployment in very rural or very hard-to reach premises	680,000				680,000			680,000		680,000
GBF006	Extension of the full-fibre broadband rollout in Essex to reach rural and hard to reach premises	2,297,256				92,020		1,692,580	1,784,600	512,656	2,297,256
GBF014	Enterprise Centre for Horizon 120 Business Park	7,641,924	967,422	6,032,578						641,924	7,641,924
GBF015	Harlow Library	977,000		977,000							977,000
GBF016	Jaywick Market & Commercial Space	2,391,060		243,636		503,860	1,170,603	354,780	2,029,243	118,181	2,391,060
GBF017	Labworth Car Park, Canvey Island modernisation	700,000	326,888	373,112							700,000
GBF018	Modus	1,960,000	1,960,000								1,960,000
GBF019	Nexus	1,600,000		1,600,000							1,600,000
GBF020	Remodelling of buildings at Harlow College to provide new 'T'-levels	1,500,000	24,328	1,475,672							1,500,000
GBF021	Rocheway	713,000	218,498	494,502							713,000
GBF023	Tendring Bikes & Cycle Infrastructure	2,600,200		518,887				1,781,113	1,781,113	300,200	2,600,200
GBF024	Tindal Square, Chelmsford	1,200,000		750,000				331,819	331,819	118,181	1,200,000
GBF041	Princess Alexandra Hospital Training and Education Facility	500,000		500,000							500,000
GBF042	Braintree Active Travel	291,000		291,000							291,000
		25,051,440	3,497,136	13,256,387		1,275,880	1,170,603	4,160,292	6,606,775	1,691,142	25,051,440
Kent											
GBF001	Digitally Connecting Rural Kent and Medway	2,290,152		2,290,152							2,290,152
GBF025	Javelin Way Development	814,452	578,724					235,728	235,728		814,452
GBF026	Romney Marsh Employment Hub	3,536,466		2,785,770	133,580		360,248	256,868	750,696		3,536,466
GBF027	Thanet Parkway Railway Station	12,874,000	3,162,699	8,836,301				875,000	875,000		12,874,000
GBF028	First and Second Floors, Building 500, Discovery Park, Sandwich	2,750,000		211,398	380,799	1,907,803		250,000	2,538,602		2,750,000
GBF029	New Performing & Production Digital Arts Facility @ North Kent College	12,301,796	2,459,825	9,841,971							12,301,796
GBF030	The Meeting Place Swanley	1,490,000		1,490,000							1,490,000

Appendix A - GBF Spend Position											
Project Number	Project Name	GBF Allocation (£)	2020/21 Actual	2021/22 Actual	Q1 2022/23 Actual	Q2 2022/23 Actual	Q3 2022/23 Actual	Q4 2022/23 Actual	2022/23 Actual	2023/24 Q1 Forecast	Total Actual + Forecast
GBF036	St George's Creative Hub	323,204		323,204							323,204
GBF038	The Amelia Scott	1,400,000		1,400,000							1,400,000
GBF043	Techfort	1,009,000					437,851	571,149	1,009,000		1,009,000
GBF045	Techfort Phase 2	850,000								850,000	850,000
		39,639,070	6,201,248	27,178,796	514,379	1,907,803	798,099	2,188,745	5,409,026	850,000	39,639,070
	Medway										
GBF007	Britton Farm Redevelopment Learning, Skills & Employment Hub	1,990,000	205,157	1,784,843							1,990,000
GBF037	Innovation Park Medway - Sustainable City of Business	1,178,323		778,323				400,000	400,000		1,178,323
		3,168,323	205,157	2,563,166				400,000	400,000		3,168,323
	Southend										
GBF031	Better Queensway	4,200,000								4,200,000	4,200,000
GBF032	South Essex No Use Empty	1,200,000					219,954	187,135	407,089	792,911	1,200,000
GBF044	LFFN - Phase 3	500,000						55,000	55,000	445,000	500,000
		5,900,000					219,954	242,135	462,089	5,437,911	5,900,000
	Thurrock										
GBF008	LFFN - Phase 2	2,500,000	946,218	922,857	498,509	132,416			630,925		2,500,000
GBF034	Transport and Logistics Institute	600,000		600,000							600,000
		3,100,000	946,218	1,522,857	498,509	132,416			630,925		3,100,000
	Unallocated	2,049,232									2,049,232
	Total	85,000,000	12,505,317	46,958,483	1,012,888	3,370,939	2,988,716	8,135,372	15,507,915	7,979,053	85,000,000

Appendix B - GBF Programme Risks (High Risks only)

Risk	Description	Risk Impact	Risk Probability	Overall Risk	Mitigation
Affordability of GBF projects	There have been widely reported increases in materials costs as a result of COVID-19 and Brexit. These increases alongside rising inflation have resulted in significant cost increases across the programme. This may impact on the deliverability of the projects as set out in the Business Cases.	5	5	25	<p>Whilst the majority of the GBF funding returned to SELEP as a result of project cancellations has been awarded to support delivery of existing projects, the risk of project cost increases sits with the local authority partners and as such, SELEP encourages all partner authorities to review the financial position of all GBF projects.</p> <p>Early engagement with contractors and the supply chain is advised.</p>
Inability to complete GBF spend by 31 March 2023 in accordance with Government expectations	At the outset of the GBF programme, Government expectations were that the GBF funding would be spent in full by 31 March 2022. Due to challenges faced by a number of the projects, this wasn't achievable and Government revised their expectations to require full GBF spend by 31 March 2023. Inability to meet this expectation represents a reputational risk for both SELEP and the responsible Upper Tier Local Authorities.	5	5	25	<p>As a result of the late cancellation of the Swan Modular Housing Factory project, this risk has materialised and Government have been advised that this expectation will no longer be met.</p> <p>Steps have been taken to maximise the level of GBF spend achieved by 31 March 2023 - with this forming a key part of the criteria applied to the creation of the recent GBF project pipeline. Ongoing GBF projects have continued to be closely monitored and all but 9 ongoing GBF projects achieved full GBF spend by 31 March 2023.</p>
Operational budgets	Given the current financial climate, there may be financial challenges to the future operation of GBF projects by the private sector, including Higher Education Institutions and Further Education providers. As well as impacting the delivery stage of the projects, this is also likely to impact the operation of the projects once delivered and impact the scale/pace of benefits realisation through the project.	4	4	16	<p>As part of the business case assessment, scheme promoters are required to provide information about the commercial operation of the project post delivery.</p> <p>Any changes to the feasibility of projects to proceed will be monitored and reported to the Board.</p>

Appendix B - GBF Programme Risks (High Risks only)

Risk	Description	Risk Impact	Risk Probability	Overall Risk	Mitigation
Extended delivery programmes	<p>As a result of the COVID-19 pandemic, there are longer than expected lead-in times for certain materials which could adversely impact on delivery programmes.</p> <p>In addition, extended response times from utility providers and other statutory organisations have been reported which are impacting on project delivery.</p> <p>Labour supply issues have also been reported due to the number of projects which were delayed due to the COVID-19 pandemic.</p>	4	5	20	<p>Early engagement with contractors and the supply chain is advised to ensure that materials are ordered as early as possible in the programme to minimise delay in delivery.</p> <p>Utility providers and other statutory organisations should be engaged at the outset of the project and time built into the programme for this engagement to minimise delays to delivery.</p>
Failure of third-party organisations to deliver GBF projects	<p>Local authorities are entering into contract with third party organisations, such as district authorities, private sector companies, further education and higher education providers to deliver GBF projects. If the external organisations experience financial difficulty and are unable to deliver GBF projects, it may not be possible to recover the GBF from these organisations should they enter administration. This would result in local authorities being responsible for repaying abortive costs to SELEP.</p>	5	3	15	<p>SELEP encourages local authorities to complete additional financial checks prior to entering into contract or transferring GBF to third party organisations and to ensure clear processes are in place for the oversight of GBF projects delivered by third party organisations.</p>
Delivery of GBF project benefits	<p>The economic impact of COVID-19 is likely to reduce the benefits achieved through GBF investment, or at least slow the pace of benefit realisation. This could reduce the value for money achieved through the delivery of the GBF programme.</p>	3	5	15	<p>Any changes to benefits achieved through GBF investment will be monitored and reported to the Board and decisions will need to be made as to whether projects still offer high value for money. Any changes will also need to be agreed with Central Government.</p>
Resource to deliver GBF projects	<p>There is a risk to the availability of resource to deliver GBF projects, as a result of remote working, sickness and as a result of resources being redeployed to support critical services within local authorities. This is likely to result in project delays but also creates a risk to the oversight of projects.</p>	4	2	8	<p>As part of the business case, SELEP ask scheme promoters to confirm they have the resources available to deliver the project. SELEP Ltd have also made this a requirement within the SLA and so risks to delivery of the projects would be monitored and reported to the Board.</p> <p>Projects are also still allowed to continue project delivery past the June 2023 deadline as long as the GBF allocation to the project has been spent.</p>
Supply Chain Risk	<p>Private sector companies within the supply chain may be vulnerable to the current economic situation, particularly as the furlough scheme ends. If companies go into financial difficulty or liquidation, this will impact project delivery timescales and costs.</p>	4	3	12	<p>SELEP encourages local authorities to complete additional financial checks for contractors and sub-contractors prior to entering into any new contracts and reviewing the financial position as part of the contract management for existing contracts.</p>

Appendix C - Getting Building Fund Delivery and Risk																
Project	Deliverability								Financial							
	Accountability Board approval	Project Delivery Status	GBF Spend Status	Expected completion date (per Business Case)	Expected completion date (Feb 2023)	Expected completion date (May 2023)	Months delay (since Business Case)	Months delay (since last update)	GBF Allocation (£)	Actual spend to 2021/22 (£)	Actual spend 2022/23 (£)	Spend Q1 2023/24 (£)	Financials RAG rating	Deliverability risk RAG rating	Reputational risk RAG rating	Overall
East Sussex																
Restoring the Glory of the Winter Garden	Oct-20	In Construction	Complete	May-22	Mar-25	Mar-25	35		1,600,000	1,600,000			1	5	3	3
The Observer Building, Hastings (Phase 2) Option A	Oct-20 and Nov-22	In Construction	Complete	Dec-22	Mar-23	Jun-23	5	2	2,028,000	1,713,000	315,000		4	4	2	3
Charleston's access road: removing the barrier to growth	Nov-20 and Jul-21	Completed	Complete	Mar-21	May-22	May-22	14		329,835	329,835			1	1	1	1
Creative Hub, 4 Fisher Street, Lewes	Nov-20	Completed	Complete	Apr-21	Sep-21	Sep-21	5		250,000	250,000			1	3	2	2
Sussex Innovation Falmer - Covid Secure adaptations	Nov-20	Completed	Complete	Mar-21	Jul-22	Jul-22	16		200,000	200,000			1	1	1	1
UTC Maritime & Sustainable Technology Hub	Nov-20	In Construction	Complete	Mar-22	Mar-23	Jun-23	15	3	1,300,000		1,300,000		2	5	3	3
Food Street, Eastbourne	Feb-22	Completed	Complete	Mar-22	Sep-22	Sep-22	6		100,000		100,000		1	1	1	1
Seven Sisters Country Park Visitor Infrastructure Uplift	Feb-22 and Jan-23	In Construction	Complete	Sep-22	Mar-23	Jun-23	9	3	284,100		284,100		1	4	1	2
Essex																
Acceleration of full-fibre broadband deployment in very rural or very hard-to reach premises	Oct-20	Completed	Complete	Jun-21	Dec-22	Dec-22	18		680,000		680,000		1	1	1	1
Extension of the full-fibre broadband rollout in Essex to reach rural and hard to reach premises	Oct-20, Nov-22 and Jan-23	In progress	Ongoing	Dec-21	Jun-23	Jun-23	17		2,297,256		1,784,600	512,656	5	5	4	5
Enterprise Centre for Horizon 120 Business Park	Nov-20 and Jan-23	Completed	Ongoing	Jun-22	Jul-22	Jul-22	1		7,641,924	7,000,000		641,924	2	3	1	2
Harlow Library	Nov-20	Completed	Complete	Oct-21	Jun-22	Jun-22	8		977,000	977,000			1	1	1	1
Jaywick Market & Commercial Space	Nov-20, Nov-22 and Jan-23	In Construction	Ongoing	Mar-22	Jun-23	Jun-23	15		2,391,060	243,636	2,029,243	118,181	2	5	3	3
Labworth Car Park, Canvey Island modernisation	Nov-20	Completed	Complete	Jun-21	Aug-21	Aug-21	2		700,000	700,000			1	3	2	2
Modus	Nov-20	Completed	Complete	Mar-21	Mar-21	Mar-21			1,960,000	1,960,000			1	3	2	2
Nexus	Nov-20	Completed	Complete	Jun-21	May-22	May-22	11		1,600,000	1,600,000			1	1	1	1
Remodelling of buildings at Harlow College to provide new 'T'-levels	Nov-20	Completed	Complete	Mar-21	Mar-22	Mar-22	12		1,500,000	1,500,000			1	3	2	2
Rocheway Independent Living	Nov-20	In Construction	Complete	Dec-22	Jun-23	Jun-23	5		713,000	713,000			1	4	3	3
Tendring Bikes & Cycle Infrastructure	Nov-20 and Jan-23	In Construction	Ongoing	Mar-22	Jun-23	Jun-23	15		2,600,200	518,887	1,781,113	300,200	3	5	2	3
Tindal Square, Chelmsford	Nov-20, Nov-22 and Jan-23	In Construction	Ongoing	Mar-22	Jun-23	Jun-23	15		1,200,000	750,000	331,819	118,181	3	5	3	4
Princess Alexandra Hospital Training and Education Facility	Feb-22	Completed	Complete	Feb-22	May-22	May-22	3		500,000	500,000			1	1	1	1
Braintree Active Travel	Feb-22	In Construction	Complete	Sep-22	Jun-23	Sep-23	12	3	291,000	291,000			1	5	2	3
Kent																
Digitally Connecting Rural Kent and Medway	Sep-20	Completed	Complete	Mar-22	Mar-22	Mar-22			2,290,152	2,290,152			1	3	2	2
Javelin Way Development	Nov-20 and Nov-22	In Construction	Complete	Mar-22	Mar-23	Jun-23	11	3	814,452	578,724	235,728		1	4	2	2
Romney Marsh Employment Hub	Nov-20	In Construction	Complete	Feb-22	Mar-23	Jun-23	13	3	3,536,466	2,785,770	750,696		1	5	2	3
Thanet Parkway Railway Station	Nov-20 and Nov-22	In Construction	Complete	Dec-22	May-23	Jul-23	5	2	12,874,000	11,999,000	875,000		3	4	4	4
First and Second Floors, Building 500, Discovery Park, Sandwich	Nov-20 and Jan-23	In Construction	Complete	Jul-21	Jul-23	Jul-23	24		2,750,000	211,398	2,538,602		1	5	2	3
New Performing & Production Digital Arts Facility @ North Kent College	Nov-20	Completed	Complete	Feb-22	Apr-22	Apr-22	2		12,301,796	12,301,796			1	1	1	1
The Meeting Place Swanley	Nov-20	Completed	Complete	May-22	Feb-23	Mar-23	9	1	1,490,000	1,490,000			1	1	1	1
St George's Creative Hub	Mar-21	Completed	Complete	Jun-21	Dec-21	Dec-21	6		323,204	323,204			1	3	2	2
The Amelia Scott	Nov-21	Completed	Complete	Mar-22	Mar-22	Mar-22			1,400,000	1,400,000			1	3	2	2

Project	Deliverability								Financial				Deliverability risk RAG rating	Reputational risk RAG rating	Overall	
	Accountability Board approval	Project Delivery Status	GBF Spend Status	Expected completion date (per Business Case)	Expected completion date (Feb 2023)	Expected completion date (May 2023)	Months delay (since Business Case)	Months delay (since last update)	GBF Allocation (£)	Actual spend to 2021/22 (£)	Actual spend 2022/23 (£)	Spend Q1 2023/24 (£)				Financials RAG rating
Techfort	Feb-22	Completed	Complete	Sep-22	Mar-23	Mar-23	6		1,009,000		1,009,000		1	1	1	1
Techfort 2	Jan-23	In Construction	Ongoing	Jun-23	Jun-23	Jun-23			850,000			850,000	5	5	4	5
Medway																
Britton Farm Redevelopment Learning, Skills & Employment Hub	Sep-20	In Construction	Complete	Feb-23	Jun-23	Jun-23	4		1,990,000	1,990,000			1	4	2	2
Innovation Park Medway - Sustainable City of Business	Jul-21 and Nov-22	In Construction	Complete	Mar-22	Mar-23	Jun-23	12	3	1,178,323	778,323	400,000		3	5	3	4
Southend																
Better Queensway	Nov-20	In Construction	Ongoing	Mar-34	Mar-34	Mar-34			4,200,000			4,200,000	5	5	5	5
South Essex No Use Empty	Nov-20	In progress	Ongoing	Mar-22	Jun-23	Jun-23	15		1,200,000		407,089	792,911	5	5	4	5
LFFN - Phase 3	Nov-22	In progress	Ongoing	Mar-23	Jun-23	Sep-23	3	3	500,000		55,000	445,000	5	3	1	3
Thurrock																
LFFN - Phase 2	Oct-20	In progress	Complete	Feb-22	Mar-23	Sep-23	13	6	2,500,000	1,869,075	630,925		1	5	1	2
Transport and Logistics Institute	Nov-20	Completed	Complete	Aug-21	Dec-21	Dec-21	4		600,000	600,000			1	3	2	2
Unallocated									2,049,232			2,049,232				
TOTAL									85,000,000	59,463,800	15,507,915	10,028,285				

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

The Observer Building, Hastings
Extension granted: 12 months
GBF allocation: £2,028,000
% of GBF funding spent to end of Q4 2022/23: 100%
Responsible Upper Tier Local Authority: East Sussex County Council
Brief project description
<p>The project will support the full redevelopment of the 4,000 sqm. Observer Building, which has been empty and increasingly derelict for 35 years, into a highly productive mixed-use building, creating new homes, jobs, enterprise space and support.</p> <p>The Observer Building will include leisure and retail uses on the lower three floors, a wide range of workspaces including studios, offices and open space, 15 capped-rent flats and a public roof terrace and bar with fantastic sea, castle and town views.</p> <p>The GBF investment will enable full renovation of the lower four floors, along with universal access (lift and entrance ramp), renovation works to the roof and external facades, installation of the new electricity substation and Air Source Heat Pumps, and key internal structural works that would otherwise be disruptive to tenants in the future.</p>
Reasons why extension was sought
Additional GBF funding was awarded to support delivery of the approved Business Case in November 2022 and therefore additional time was required to allow spend of the GBF funding awarded.
Update on project delivery
The majority of the SELEP funded works were completed by 28 July 2022, however, work has subsequently been completed on the lift installation and installation of new windows. Tenants have started to move into the alley level and first floor office spaces.

UTC Maritime and Sustainable Technology Hub
Extension granted: 12 months
GBF allocation: £1,300,000
% of GBF funding spent to end of Q4 2022/23: 100%
Responsible Upper Tier Local Authority: East Sussex County Council
Brief project description
The project seeks to convert the former UTC@harbourside building into a multi-purpose facility including public services, education and training, and commercial workspace for SME's. The focus of the facility will be on the marine and sustainable technology sector.
Reasons why extension was sought
Delivery of the project has been delayed due to complex land ownership matters which have taken significantly longer than anticipated to resolve.
Update on project delivery
Works to recommission the building and to ensure that the building is statutory compliant are ongoing.
One tenant has been confirmed for the building and negotiations with other potential tenants are ongoing.
Market testing for an operator for the unallocated spaces in the building will be conducted during Q1 2023/24, with a view to a tender process being launched in June 2023.

Seven Sisters Country Park Visitor Infrastructure Uplift
Extension granted: 12 months
GBF allocation: £284,100
% of GBF funding spent to end of Q4 2022/23: 100%
Responsible Upper Tier Local Authority: East Sussex County Council
Brief project description
Delivery of improved visitor infrastructure at Seven Sisters Country Park. The GBF funding will enable the refurbishment and kit out of the pump barn creating a multi-use retail, exhibition and event space.
Reasons why extension was sought
GBF funding was not awarded to support delivery of the project until February 2022. The funding is being used to support the delivery of elements of the project which were previously removed due to cost constraints. Additional time was required to design and deliver these elements and therefore a 6 month extension to 30 September 2022 was granted. An additional £84,100 GBF was awarded to support delivery of the project in January 2023 and therefore a further 6 month extension to 31 March 2023 was agreed to allow spend of the additional GBF funding awarded.
Update on project delivery
A contractor has been appointed to deliver the initial GBF funded works, and work commenced onsite on 4 July 2022. A contractor has also been appointed to deliver the additional works and it is expected that the project will be completed by June 2023. The majority of the remaining works relate to dealing with snagging issues and fit out of the onsite cottages.

Food Street, Eastbourne
Extension granted: 12 months
GBF allocation: £100,000
% of GBF funding spent to end of Q4 2022/23: 100%
Responsible Upper Tier Local Authority: East Sussex County Council
Brief project description
Food Street is an aspiration to develop a vibrant, independent food and drink-based economy at the seafront end of Terminus Road, Eastbourne. The project will bring 5 commercial units back into use as part of an enhanced commercial offer in Eastbourne Town Centre.
Reasons why extension was sought
GBF funding was not awarded to support delivery of the project until February 2022. At that time, it was expected that the GBF funding would be spent in full by 31 March 2022, however, due to a delay in completing the required back-to-back agreement between East Sussex County Council and Eastbourne Borough Council, GBF spend extended into 2022/23.
Update on project delivery
The works to bring the commercial units back into use were completed in July 2022. The GBF funding was transferred to Eastbourne Borough Council by East Sussex County Council during Q3 2022/23.

Acceleration of full-fibre broadband deployment in very rural or very hard to reach areas
Extension granted: 12 months
GBF allocation: £680,000
% of GBF funding spent to end of Q4 2022/23: 100%
Responsible Upper Tier Local Authority: Essex County Council
Brief project description
<p>Superfast Essex is a broadband improvement programme which is run by Essex County Council. The programme aims to make superfast and ultrafast broadband available to as many homes and businesses across Essex as possible.</p> <p>Within the current Superfast Essex broadband rollout across Essex, it has become clear that in a significant number of cases the cost of deployment in rural areas has been underestimated by suppliers, and the cost of connecting up to 10% of the premises in the current rollout scope will exceed the contractual cost cap. In these cases, suppliers will provide evidence of the increased cost to Superfast Essex and will request further funding to fill the newly identified cost gap. If no such funding is available, it is envisaged that the impacted premises would be removed from the rollout programme. The GBF funding was requested to ensure that as many as possible of the identified higher-cost premises can be retained within the current rollout programme.</p>
Reasons why extension was sought
<p>In order to invest the funding awarded to support delivery of the Superfast Essex programme, it was necessary for Essex County Council to implement a change to the existing delivery contract. This change had to be approved by Broadband Delivery UK (BDUK), the agency within the Department for Digital, Culture, Media and Sport (DCMS) which is overseeing the national rollout of broadband upgrades. BDUK have the responsibility of ensuring that all contracts remain in compliance with State Aid legislation and they also take a view on Value for Money offered by the contracts.</p> <p>The required change request was prepared and submitted to BDUK for consideration in early December 2020, which would have allowed sufficient time for the project to be delivered in accordance with the requirements of the GBF. Due to a wider national disagreement between BDUK and BT on a value for money issue, which had minimal impact on the Essex County Council contract, the change request was rejected in March 2021.</p> <p>Following the rejection of the change request, work was undertaken to seek agreement from BDUK that re-submission of the change request would be accepted. After a further 6 months of re-work and a series of high-level escalations with BDUK, involving Essex County Council Councillors and local MP's, the re-presented change request was approved by BDUK in October 2021.</p>
Update on project delivery
Delivery of the project completed in December 2022.

Extension of the full-fibre broadband rollout in Essex to reach rural and hard to reach areas
Extension granted: 15 months
GBF allocation: £2,297,256
% of GBF funding spent to end of Q4 2022/23: 77.7%
Responsible Upper Tier Local Authority: Essex County Council
Brief project description
<p>Superfast Essex is a broadband improvement programme which is run by Essex County Council. The programme aims to make superfast and ultrafast broadband available to as many homes and businesses across Essex as possible.</p> <p>The GBF funding was awarded to extend the Superfast Essex rollout programme to reach additional rural areas, with a focus on upgrading business premises.</p>
Reasons why extension was sought
<p>In order to invest the funding awarded to support delivery of the Superfast Essex programme, it was necessary for Essex County Council to implement a change to the existing delivery contract. This change had to be approved by Broadband Delivery UK (BDUK), the agency within the Department for Digital, Culture, Media and Sport (DCMS) which is overseeing the national rollout of broadband upgrades. BDUK have the responsibility of ensuring that all contracts remain in compliance with State Aid legislation and they also take a view on Value for Money offered by the contracts.</p> <p>The required change request was prepared and submitted to BDUK for consideration in early December 2020, which would have allowed sufficient time for the project to be delivered in accordance with the requirements of the GBF. Due to a wider national disagreement between BDUK and BT on a value for money issue, which had minimal impact on the Essex County Council contract, the change request was rejected in March 2021.</p> <p>Following the rejection of the change request, work was undertaken to seek agreement from BDUK that re-submission of the change request would be accepted. After a further 6 months of re-work and a series of high-level escalations with BDUK, involving Essex County Council Councillors and local MP's, the re-presented change request was approved by BDUK in October 2021.</p> <p>A further 3 month extension to 30 June 2023 was sought at the April 2023 Board meeting. This extension was sought due to delays encountered by Essex County Council in securing the return of the GBF funding awarded to the Swan Modular Housing Factory project, which was subsequently removed from the GBF programme. Due to the delay in repayment, insufficient GBF funding was held by SELEP/the Accountable Body to issue the additional GBF funding awarded to support project delivery in January 2023. This funding continues to be held by SELEP whilst Essex County Council governance processes are completed.</p>
Update on project delivery

Delivery of the project is ongoing with completion expected in June 2023.

Enterprise Centre for Horizon 120 Business and Innovation Park
Extension granted: 15 months
GBF allocation: £7,641,924
% of GBF funding spent to end of Q4 2022/23: 91.6%
Responsible Upper Tier Local Authority: Essex County Council
Brief project description
<p>The project has delivered an Enterprise Centre for local businesses, including small business start-ups, small businesses focusing on innovation and growth, as well as businesses aiming to stabilise and consolidate their activities. The Enterprise Centre offers a variety of office spaces and a flexible conference space which can be transformed into smaller units.</p> <p>The Enterprise Centre forms the focal point for the Horizon 120 Business Park and is designed to drive collaboration, encourage idea generation and underpin problem solving.</p>
Reasons why extension was sought
<p>Additional GBF funding was awarded to support delivery of the approved Business Case in January 2023 and therefore additional time was required to allow spend of the GBF funding awarded (extension agreed until March 2023).</p> <p>A further 3 month extension to 30 June 2023 was sought at the April 2023 Board meeting. This extension was sought due to delays encountered by Essex County Council in securing the return of the GBF funding awarded to the Swan Modular Housing Factory project, which was subsequently removed from the GBF programme. Due to the delay in repayment, insufficient GBF funding was held by SELEP/the Accountable Body to issue the additional GBF funding awarded to support project delivery in January 2023. This funding continues to be held by SELEP whilst Essex County Council governance processes are completed.</p>
Update on project delivery
<p>Delivery of the Enterprise Centre completed in September 2022 and the building is now fully operational.</p> <p>The additional GBF funding will be used to mitigate cost increases encountered during the construction programme and therefore this funding will be drawn down immediately following completion of the required legal processes and will be spent in full prior to 30 June 2023.</p>

Jaywick Market and Commercial Space
Extension granted: 15 months
GBF allocation: £2,391,060
% of GBF funding spent to end of Q4 2022/23: 95.06%
Responsible Upper Tier Local Authority: Essex County Council
Brief project description
<p>The project involves the build of a commercial facility and vibrant local market on a gateway site in Jaywick Sands in response to a known undersupply of commercial space and a high level of credible demand for affordable light industrial, studio and basic office facilities within the area.</p> <p>The intention is to construct 13 low-cost units offering 9,500sq ft lettable area and a covered local market of 20 affordable pitches. This will form part of a programme of wider regeneration and will deliver an extensive range of positive social impacts to help alleviate the severe deprivation experienced by much of the Jaywick Sands community - including increased employment opportunities, increased training opportunities, a rise in skills and employability, pride in the area, a rise in aspiration especially amongst younger people and significantly improved health benefits through affordable access to fresh foods.</p>
Reasons why extension was sought
<p>Due to concerns regarding the rising cost of materials and increasing volatility within the materials market, a full review of the design for the project was undertaken. This review took longer than anticipated and therefore an additional 6 months (to 30 September 2022) was required to spend the GBF funding awarded to support delivery of the project.</p> <p>Following commencement of construction, the discovery of unexpected ground obstructions and asbestos further delayed delivery of the project, resulting in a further 6 month extension to 31 March 2023 being granted.</p> <p>A further 3 month extension to 30 June 2023 was sought at the April 2023 Board meeting. This extension was sought due to delays encountered by Essex County Council in securing the return of the GBF funding awarded to the Swan Modular Housing Factory project, which was subsequently removed from the GBF programme. Due to the delay in repayment, insufficient GBF funding was held by SELEP/the Accountable Body to issue the additional GBF funding awarded to support project delivery in January 2023. This funding continues to be held by SELEP whilst Essex County Council governance processes are completed.</p>
Update on project delivery
<p>A contractor has been appointed and work commenced onsite in May 2022. Delivery of the project has been delayed as a result of the discovery of unexpected ground obstructions and contamination. However, this issue has now been resolved and project completion is expected by June 2023.</p>

Tendring Bikes and Cycle Infrastructure
Extension granted: 15 months
GBF allocation: £2,600,200
% of GBF funding spent to end of Q4 2022/23: 88.5%
Responsible Upper Tier Local Authority: Essex County Council
Brief project description
<p>The project will deliver a bespoke bike scheme and cycle network infrastructure within Jaywick Sands and Clacton which is aimed at tackling inequality within one of the most deprived communities in Essex.</p> <p>The bike scheme will be a community-based project to help overcome the barriers to sustainable travel as a result of inequalities, will help tackle rising unemployment and align with the government agenda of active travel and physical activity post COVID-19. Lack of transport options is recognised as a factor in joblessness and insufficient transport provision is a reason for declining employment and access to skills suggesting that wider availability of cycling for transport has the potential to reduce transport inequality and promote access to jobs and education. The scheme directly links to the wider Clacton Town Centre Future High Streets Fund and sustainable infrastructure proposed as a result of this programme.</p>
Reasons why extension was sought
<p>Delivery of the project was delayed due to the need for changes to be made to the design for some elements of the proposed cycle routes in order to address concerns raised during the public consultation exercise. As a result, approval for retention of the GBF funding beyond March 2022 for a maximum period of 6 months was sought.</p> <p>A further 6 month extension to 31 March 2023 was granted due to the required redesign work taking significantly longer than expected to complete.</p> <p>A further 3 month extension to 30 June 2023 was sought at the April 2023 Board meeting. This extension was sought due to delays encountered by Essex County Council in securing the return of the GBF funding awarded to the Swan Modular Housing Factory project, which was subsequently removed from the GBF programme. Due to the delay in repayment, insufficient GBF funding was held by SELEP/the Accountable Body to issue the additional GBF funding awarded to support project delivery in January 2023. This funding continues to be held by SELEP whilst Essex County Council governance processes are completed.</p>
Update on project delivery
<p>The bespoke bike scheme is operational and has started to issue bikes to local residents. The additional bikes funded through the award of further GBF funding can be purchased immediately following completion of the required legal processes.</p> <p>Work has commenced onsite to deliver the cycle network infrastructure and it is expected that the project will be completed by June 2023.</p>

Tindal Square, Chelmsford
Extension granted: 15 months
GBF allocation: £1,200,000
% of GBF funding spent to end of Q4 2022/23: 90.2%
Responsible Upper Tier Local Authority: Essex County Council
Brief project description
<p>The project will create a new civic public square of over 3,000sqm that provides a destination space for arts, events and celebrations outside Shire Hall.</p> <p>Replacement of all existing surfacing with quality/robust new paving, including a radial design pattern extending from Shire Hall. Existing street clutter to be removed and replaced with other co-ordinated street furniture, wayfinding signage and tree planting. DDA compliant and improved pedestrian access for all to Shire Hall.</p> <p>Provision of comfortable public seating and co-ordinated and well managed seating area for tables and chairs potential to enable food and beverage businesses to expand their offer on the High Street.</p> <p>The scheme removes motorised traffic from this part of the City Centre (except for High Street service vehicles), reducing carbon emissions and improving air quality, whilst introducing a shared pedestrian space with a key cycle connection route through the space.</p>
Reasons why extension was sought
<p>Additional GBF funding was awarded to support delivery of the approved Business Case in November 2022 (and January 2023) and therefore additional time was required to allow spend of the GBF funding awarded (extension agreed to 31 March 2023).</p> <p>A further 3 month extension to 30 June 2023 was sought at the April 2023 Board meeting. This extension was sought due to delays encountered by Essex County Council in securing the return of the GBF funding awarded to the Swan Modular Housing Factory project, which was subsequently removed from the GBF programme. Due to the delay in repayment, insufficient GBF funding was held by SELEP/the Accountable Body to issue the additional GBF funding awarded to support project delivery in January 2023. This funding continues to be held by SELEP whilst Essex County Council governance processes are completed.</p>
Update on project delivery
Delivery of the project continues onsite, with completion expected in June 2023.

Javelin Way Development
Extension granted: 12 months
GBF allocation: £814,452
% of GBF funding spent to end of Q4 2022/23: 100%
Responsible Upper Tier Local Authority: Kent County Council
Brief project description
<p>Javelin Way is an employment site on the Henwood Industrial Estate in Ashford. The project will support the development of the site for employment use, with a focus on the development of Ashford's creative economy.</p> <p>The scheme consists of two elements:</p> <ul style="list-style-type: none"> • The construction of a 'Creative Laboratory' production space (with a ground floor internal area of 1,293 sqm). This will be leased from Kent County Council by Jasmin Vardimon Company, a world-renowned dance company and creative organisation. • The development of 29 light industrial units (with a gross internal area of 3,046 sqm), for sale and/or lease, suitable for additional creative businesses as well as the general market. Mezzanine floors will be available for the 29 industrial units, with full flexibility on the sizes of mezzanines to meet market demand.
Reasons why extension was sought
Additional GBF funding was awarded to support delivery of the approved Business Case in November 2022 and therefore additional time was required to allow spend of the GBF funding awarded.
Update on project delivery
<p>Delivery of the project is complete, other than some small snagging issues and the discharge of 3 planning conditions.</p> <p>The Jasmin Vardimon Company is now operating from the 'Creative Laboratory' production space and the majority of the light industrial units have either been sold or leased to businesses.</p>

Romney Marsh Employment Hub
Extension granted: 12 months
GBF allocation: £3,536,466
% of GBF funding spent to end of Q4 2022/23: 100%
Responsible Upper Tier Local Authority: Kent County Council
Brief project description
The project will further develop the Mountfield Road Industrial Estate, including the development of a business hub of 751 sqm (GEA) divided into 14 rooms of varying sizes. The offices will be built for businesses that will range in size from 2-10 employees. The planned flexibility of the space within the business hub will mean that it could also lend itself to providing space for skills training. There is land within the hub site for the building to be further extended by 427 sqm to provide either more business space or a more bespoke skills facility depending on demand. The GBF funding will be used to support the delivery of enabling service and access infrastructure.
Reasons why extension was sought
A 6 month extension was sought due to delays in the delivery of the utility infrastructure works due to the statutory utility companies working to longer than expected timescales when considering requests for information or approvals for proposed works. A further extension was sought due to the significantly extended lead-in times for electrical substation switch gear which was required to enable electricity to be switched on at the site.
Update on project delivery
Delivery of the project is nearing completion following further delays caused by extended response times from utility companies. The primary remaining elements of the project are the completion of the utility installation works (water and gas installation are 95% complete), installation of substations and the remaining fencing. Project completion is expected in June 2023.

Thanet Parkway Railway Station
Extension granted: 12 months
GBF allocation: £12,874,000
% of GBF funding spent to end of Q4 2022/23: 100%
Responsible Upper Tier Local Authority: Kent County Council
Brief project description
<p>The project will deliver a new train station which will be located approximately 2 miles east of Ramsgate on the Ashford International to Ramsgate line.</p> <p>The proposed station will provide two platforms suitable for use by 12-car trains. Each platform will be fitted with lighting columns that host CCTV cameras and public address speakers; two customer information displays and one passenger help point; and shelters to provide weather protection. Lifts, stairs and an underpass will provide access to the platforms.</p> <p>The station forecourt will include two ticket vending machines, two bus shelters and bus passenger information points. A set down area will be provided for buses, taxis and passenger drop off, together with staff parking. Parking will be provided for 297 cars plus 20 short stay bays for passenger drop off and taxis (including 16 disabled bays and 60 spaces with provision for electric vehicle charging), motorcycles spaces, 40 pedal cycle parking spaces.</p>
Reasons why extension was sought
Additional GBF funding was awarded to support delivery of the approved Business Case in November 2022 and therefore additional time was required to allow spend of the GBF funding awarded.
Update on project delivery
<p>Construction of the station is predominantly complete. The remaining works relate to the required level crossing and signalling works which must be completed before the new station can enter service. The level crossing and signalling works commenced onsite in January 2023.</p> <p>It is currently expected that the new station will open for passengers in late July 2023.</p>

Discovery Park Incubator (First and Second Floors, Building 500, Discovery Park, Sandwich)
Extension granted: 12 months
GBF allocation: £2,750,000
% of GBF funding spent to end of Q4 2022/23: 100%
Responsible Upper Tier Local Authority: Kent County Council
Brief project description
Refurbishment of circa 50,000 sqft of space across two floors to create high quality incubator laboratories for early stage and scale-up biotechnology and life science businesses.
Reasons why extension was sought
Delivery of the project was delayed due to additional work which needed to be undertaken after initial costs showed that project costs were significantly higher than anticipated. An additional 6 month extension to 31 March 2023 was agreed in January 2023 following the award of additional GBF funding to support project delivery.
Update on project delivery
Fit out of the building is continuing as planned, with full completion expected in July 2023. The first tenants moved into the building in May 2023.

Techfort
Extension granted: 12 months
GBF allocation: £1,009,000
% of GBF funding spent to end of Q4 2022/23: 100%
Responsible Upper Tier Local Authority: Kent County Council
Brief project description
<p>The Dover Citadel site is a significant heritage asset which is currently closed to the public and subject to intrusion, graffiti, deterioration and ivy invasion. The site is an attractive proposition to potential private sector tenants, however, the need to establish an anchor activity is essential to kickstart the redevelopment of the entire site.</p> <p>The project will maintain and upgrade Casemates 51 and 52 comprising 1,012 sqm to accommodate a mix of cultural uses.</p>
Reasons why extension was sought
<p>GBF funding was not awarded to support delivery of the project until February 2022. Additional time was required to secure the required consents and to facilitate delivery of the project.</p> <p>A further 3 month extension to 31 March 2023 was agreed as the delivery programme had to be extended due to the need for more extensive roof and revetment wall work to ensure the quality of the project was maintained. In addition, the process to discharge the conditions attached to the planning and Scheduled Monument consents took longer than anticipated.</p>
Update on project delivery
<p>Planning Consent and Scheduled Monument Consent were both granted in advance of the 20 May 2022 deadline set by the Board.</p> <p>Construction has commenced onsite and practical completion was achieved during Q4 2022/23.</p>

Techfort – Phase 2
Extension granted: 15 months
GBF allocation: £850,000
% of GBF funding spent to end of Q4 2022/23: 0%
Responsible Upper Tier Local Authority: Kent County Council
Brief project description
<p>The project seeks to bring the Casemates at The Citadel into beneficial economic use, helping to stabilise the ancient monument and creating jobs in Dover. The Casemates were previously used by the Ministry of Justice but are currently redundant and need refurbishment before they can be re-occupied.</p> <p>Phase 2 of the project specifically seeks to refurbish Casemates 53 and 54, creating 757 sqm of space for small businesses, craft workshops, retail, food and entertainment uses.</p> <p>The GBF funding is sought to kick-start the development process at The Citadel, with these works representing the initial phases of a long-term vision for the site</p>
Reasons why extension was sought
GBF funding was awarded to support delivery of the project in January 2023 and therefore additional time was required to allow spend of the GBF funding awarded.
Update on project delivery
Phase 2 of the project is being delivered by the same contractor as Phase 1 and therefore work has already commenced onsite, with completion expected in June 2023.

Innovation Park Medway – Sustainable City of Business
Extension granted: 12 months
GBF allocation: £1,178,323
% of GBF funding spent to end of Q4 2022/23: 100%
Responsible Upper Tier Local Authority: Medway Council
Brief project description
<p>The vision for the IPM site includes Runway Park, which is intended to become the signature open space for the site, offering distinctive character areas which will provide a series of flexible spaces designed to accommodate a range of activities.</p> <p>GBF funding was sought to enable delivery of one section of the Runway Park. The GBF funding will be used to deliver pavements and footpaths, planting, street furniture and preparatory ground works.</p> <p>The Runway Park will establish itself as the forum for collaboration, bringing businesses and individuals together in the public realm to foster an innovative spirit. The high-quality open space will be key to attracting investors and retaining skilled staff. Early delivery of Runway Park will enable businesses to interact with the wider community and will add to the marketability of the site.</p>
Reasons why extension was sought
Additional GBF funding was awarded to support delivery of the approved Business Case in November 2022 and therefore additional time was required to allow spend of the GBF funding awarded.
Update on project delivery
No update on project delivery was provided by Medway Council in advance of this Board meeting.

Better Queensway
Extension granted: 15 months
GBF allocation: £4,200,000
% of GBF funding spent to end of Q4 2022/23: 0%
Responsible Upper Tier Local Authority: Southend-on-Sea City Council
Brief project description
<p>Better Queensway is an estate and town centre renewal project, seeking to transform a 5.2-hectare site to the north of Southend town centre. The project will include phased demolition of existing residential and commercial units, including four tower blocks and redevelopment to provide up to 1,669 dwellings and 7,945sq m of commercial space made up of retail, office, and community and leisure space. The project will also involve significant infrastructure and engineering work to provide a new four lane carriageway with footpath, cycle and bus facilities, which will remedy the sites severance with the High Street, provide a greater developable area, reduce pollution and improve connectivity, including important through traffic routes to the seafront.</p> <p>Better Queensway is being delivered as a joint venture between Southend-on-Sea City Council and Swan Housing.</p>
Reasons why extension was sought
<p>A hybrid planning application for the full Better Queensway scheme was submitted to Southend-on-Sea City Council in September 2020. This application was subsequently considered by Planning Committee on 31 March 2021 and it was resolved that the Interim Director of Planning at Southend-on-Sea City Council be delegated to grant planning permission subject to the completion of a S106 agreement in relation to the development. The S106 agreement took longer to complete than anticipated, which delayed the formal award of hybrid planning consent until September 2021.</p> <p>In addition, the Project has experienced delays to the procurement of the enabling works due to utility companies requiring longer than usual lead-in times. This is in part due to the impacts of the COVID-19 pandemic but is also related to other supply chain issues which are being experienced more generally across the construction industry (extension agreed to 31 March 2023).</p> <p>A further 3 month extension to 30 June 2023 was sought at the April 2023 Board meeting. This extension was sought due to the need for Sanctuary Housing Association to complete their due diligence in relation to the information inherited from Swan Housing before they could accept the GBF funding.</p>
Update on project delivery
<p>The GBF funding is being spent on the early enabling works to support the delivery of the major wider regeneration project, which is expected to complete in 2034. The GBF funding has been used to support the early acquisition of properties on the estate and the development of the detailed design for the highway improvement works. It should be noted that Southend-on-Sea City Council continue to hold the full GBF funding</p>

allocation. This funding will be released once Sanctuary Housing Association have completed their required due diligence in relation to Swan Housing activities and have confirmed that they are satisfied that all expenditure claimed by Swan Housing is eligible and complies with the GBF grant conditions.

As outlined at previous Board meetings, the Regulator of Social Housing took the decision to downgrade Swan Housing Association's viability and governance grades. As a result of this decision, Swan Housing did not meet the Regulator's governance and viability standards and steps needed to be taken to improve work in these areas.

It has been confirmed that the planned merger between Swan Housing and Sanctuary Housing Association has completed, with Swan Housing becoming a subsidiary of Sanctuary.

Sanctuary Housing Association are currently reviewing the business plan for the wider project, with a view to returning an updated business plan to Southend-on-Sea City Council in Summer 2023. This business plan will provide clarity on, amongst other things, phasing, key milestones, cashflow and housing delivery.

Following completion of internal Southend-on-Sea City Council governance processes, further assurances will be sought regarding the delivery of the wider project and a further update will be provided to the Board.

No Use Empty South Essex
Extension granted: 15 months
GBF allocation: £1,200,000
% of GBF funding spent to end of Q4 2022/23: 33.9%
Responsible Upper Tier Local Authority: Southend-on-Sea City Council
Brief project description
<p>The project will provide short-term secured loans to property owners to enable the return of long-term empty commercial properties back into effective use for residential, alternative commercial or mixed-use purposes. The project will focus on secondary retail and other commercial premises which have been significantly impacted by changing consumer demand, the impact of the pandemic and which may have been impacted by larger regeneration schemes.</p>
Reasons why extension was sought
<p>The launch of the No Use Empty South Essex scheme was initially delayed as a consequence of the COVID-19 restrictions, including lockdowns, which were implemented by Central Government. These restrictions meant that it wasn't possible to meet with property owners and developers or to conduct site visits to see potential properties.</p> <p>These issues were further compounded by resourcing issues which arose due to staff being seconded to support operational activities associated with the response to the COVID-19 pandemic.</p> <p>As Kent County Council are experienced in delivering the No Use Empty initiative and have a complete package of established processes in place, the intention was that a Service Level Agreement would be put in place between Southend-on-Sea City Council and Kent County Council for provision of back-office services to support the project. The resourcing issues identified above led to delays in negotiating the terms of the Service Level Agreement.</p> <p>As a result of the factors outlined above the launch of the No Use Empty South Essex initiative was significantly delayed.</p> <p>Following the launch of the No Use Empty initiative in South Essex, it has been discovered that the time required to complete the necessary due diligence and legal checks is significantly longer than anticipated, and therefore a further extension to 30 June 2023 has been agreed.</p>
Update on project delivery
<p>The No Use Empty South Essex initiative was launched on 19 April 2022. However, the timeline for processing and approving the applications has been longer than anticipated, with an approximate 18 week turnaround.</p> <p>The full GBF funding award has now been allocated to No Use Empty loans, however, due to the extended timeline for approving applications, it was not possible for 4 of the 6 loans to be completed prior to the end of March 2023. It is expected that all loans will complete by 30 June 2023.</p>

ASELA LFFN – Phase 3
Extension granted: 15 months
GBF allocation: £500,000
% of GBF funding spent to end of Q4 2022/23: 11%
Responsible Upper Tier Local Authority: Southend-on-Sea City Council
Brief project description
<p>The project seeks to further build upon the Department for Digital, Culture, Media and Sport (DCMS) funded LFFN ASELA Project and extend through additional funding the delivery and access to fibre connectivity across the South Essex Region to realise benefits for local businesses and communities, enabling them to grow and flourish post COVID-19.</p> <p>The funding will enable ASELA to address some key ‘Not Spot’ areas that have not yet benefited from investment. In addition, the funding will enable ASELA to link the fibre infrastructure into the Southend region fibre network which will bring significant additional benefits to the ASELA region, in terms of sharing of services, cost savings and supporting the rollout of a pan ASELA Internet of Things (IOT) network.</p> <p>Phase 1 of the project was supported by DCMS and Phase 2 was supported by an initial GBF allocation of £2.5m.</p>
Reasons why extension was sought
<p>GBF funding was awarded to support delivery of the project in November 2022 and therefore additional time was required to allow spend of the GBF funding awarded (extension granted to 31 March 2023).</p> <p>A further 3 month extension to 30 June 2023 was sought at the April 2023 Board meeting. This extension was sought due to delays in completing the required Variation Agreement which formalised the award of funding to the project. This delay was caused by the decision to seek Board approval to release the funding to Southend-on-Sea City Council, rather than Thurrock Council following the announcement that Thurrock Council had issued a Section 114 notice.</p>
Update on project delivery
Delivery of the project has commenced, with completion expected by September 2023. Full GBF spend to be achieved by 30 June 2023.

ASELA LFFN – Phase 2
Extension granted: 6 months
GBF allocation: £2,500,000
% of GBF funding spent to end of Q4 2022/23: 100%
Responsible Upper Tier Local Authority: Thurrock Council
Brief project description
The GBF investment will build upon the DCMS funded LFFN ASELA Project by extending through this additional funding the delivery and access to fibre connectivity across the South Essex Region.
Reasons why extension was sought
Delivery of the project was delayed due to the discovery of unexpected duct blockages. Approval for retention of GBF funding beyond March 2022 was sought to allow time for the blocked ducts to be resolved.
Update on project delivery
Delivery of the GBF funded elements of Phase 2 of the project has now been completed.

Report title: Getting Building Fund (GBF) High Risk Projects Update Report	
Report to: Accountability Board	
Report author: Leslie Rickerby, SELEP Capital Programme Officer	
Meeting date: 16 June 2023	For: Decision
Enquiries to: leslie.rickerby@southeastlep.com	
SELEP Partner Authority affected: Essex/Kent/Southend	

1. Purpose of Report

- 1.1 The purpose of this report is for the Accountability Board (the Board) to consider the position on the following Getting Building Fund (GBF) projects which are currently ranked as High Risk: Better Queensway, Extension of the full-fibre broadband rollout in Essex to reach rural and hard to reach areas, No Use Empty South Essex and Techfort Phase 2.

2. Recommendations

- 2.1 The Board is asked to:

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

2.1.2 **Agree** that a further update on the Better Queensway project which provides information on the outcome of Sanctuary Housing Association’s review of the business plan for the wider project, the outcome of Southend-on-Sea City Council governance processes and contains the required assurances regarding the ongoing delivery of the wider project should be provided at the September 2023 Board meeting. Submission of the required assurances is dependent upon Sanctuary Housing Association completing their review of the business plan and the completion of the required governance processes within Southend-on-Sea City Council.

2.1.3 **Note** the updates on the Extension of the full-fibre broadband rollout in Essex to reach rural and hard to reach areas, No Use Empty South Essex and Techfort Phase 2 projects.

2.1.4 **Note** that the status of the Extension of the full-fibre broadband rollout in Essex to reach rural and hard to reach areas, No Use Empty South Essex and Techfort Phase 2 projects will be confirmed at the September 2023 Board Meeting.

3. Better Queensway

Summary Position

- 3.1 The project is an estate and town centre renewal project which aims to transform a 5.2 hectare site to the north of Southend town centre. The project includes phased demolition

GBF High Risk Project Update Report

of existing residential and commercial units and redevelopment to deliver up to 1,669 new homes and 7,945 sqm of new flexible commercial space.

- 3.2 The Board approved the award of £4.2m of GBF funding to support delivery of the project in November 2020 and full spend of the GBF funding allocation has been evidenced to Southend-on-Sea City Council by Swan Housing. This reported spend is currently being verified by Sanctuary Housing Association.
- 3.3 Since late 2021, there have been concerns relating to the involvement of Swan Housing as Joint Venture Partner with Southend-on-Sea City Council. The Regulator for Social Housing took the decision in late 2021 to downgrade Swan Housing's viability and governance grades, leading to Swan Housing seeking opportunities for a merger with another housing association.
- 3.4 On 8 February 2023, a merger between Sanctuary Housing Association and Swan Housing was finalised, with Swan Housing becoming a subsidiary of Sanctuary. Following this acquisition, Sanctuary commenced due diligence, including a review of the business plan for the wider Better Queensway project, and advised Southend-on-Sea City Council that a new business plan would be provided by the end of March 2023. Sanctuary has not been able to meet this target as a result of the extensive work involved, so this deadline has slipped and the business plan has not yet been completed or submitted for review.
- 3.5 Once submitted to Southend-on-Sea City Council, the business plan will be subject to the Council's internal governance processes with a final delivery programme expected to be confirmed by the end of September 2023.
- 3.6 Following the merger between Sanctuary Housing Association and Swan Housing, the main existing project risk relates to the Sanctuary response to the due diligence exercise including the business plan review, leading to an inability or unwillingness to facilitate the wider project fully. If Sanctuary do not commit to continuing as a Joint Venture partner in the project, there could be a need for Southend-on-Sea City Council to return the GBF funding allocated to the project if an alternative approach to delivery cannot be progressed and this possibility puts the project as a High Risk at this time.
- 3.7 The Board previously agreed that the GBF funding could be retained against the project to 31 March 2023. At the last meeting, the Board were advised that the full GBF funding allocation continued to be held by Southend-on-Sea City Council and that it would not be possible for the funding to be transferred to Sanctuary until they had completed their due diligence. As a result, the Board agreed that the funding could be retained against the project for a further 3 months to 30 June 2023.




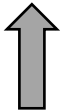
Project Update

- 3.8 Following completion of the merger between Swan Housing and Sanctuary Housing Association, Sanctuary is now continuing due diligence including a review of the GBF funding agreement and wider business plan and is not in a position to accept the GBF funding until the due diligence has been completed.

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- 3.9 The revised business plan was originally due for submission by the end of March 2023, however this has been delayed and is now not expected to be fully finalised until September 2023.
- 3.10 Swan Housing has previously submitted claims for the full GBF funding allocation. Following completion of the merger, Southend-on-Sea City Council has provided Sanctuary Housing Association with a breakdown of the GBF claims submitted by Swan Housing to allow them to conduct a review to ensure that they are satisfied that all expenditure claimed is eligible prior to the funding being released by Southend. The funding is currently expected to be issued to Sanctuary before the 30 June 2023 deadline.
- 3.11 As Southend-on-Sea City Council currently holds the full GBF funding allocation, it is all forecast to be spent during Q1 2023/24 should Sanctuary Housing Association confirm their intention to accept. This presently poses a risk that the GBF funding will not be spent by 30 June 2023.
- 3.12 While the merger was taking place, the wider project has seen delays and slippage, however, delivery of the GBF funded enabling works has continued. In particular, to mitigate the delay, the GBF funding has been used to support delivery of highways enabling works which were originally expected to be funded through the Housing Infrastructure Fund (HIF). There is a need for Southend-on-Sea City Council to renegotiate the terms of their HIF funding agreement, largely concerning time-related revision of project milestones in light of the overall project delays, however Homes England remain positive about the project.
- 3.13 There is an outstanding requirement for Southend-on-Sea City Council to provide assurances regarding the ongoing delivery of the wider project following the completion of the merger between Swan Housing and Sanctuary Housing Association. As detailed at the last Board meeting, Southend-on-Sea City Council are unable to provide assurances regarding delivery of the wider project until the business plan has been fully reviewed by Sanctuary and has been through the Council's internal governance processes. To date, this review is still on-going. It is likely that the full review and required governance processes will be completed by the end of September 2023 at the latest, at which point assurances could be provided. It is therefore recommended that the Board receive a further update at the next meeting in September 2023.

Risk RAG Rating Table

Risk	RAG rating (April 2023)	Change since last Board meeting	Current RAG rating (June 2023)	Progress & Actions
<p>Deliverability - Project activity may be revised following the merger, leading to increased risk of delays in overall project progress.</p>	Amber		Amber	<p>Milestones for the wider Better Queensway project will now be reset following completion of the Swan Housing/Sanctuary Housing Association merger and required due diligence. A new business plan for the project will be finalised (all governance completed) by the end of September 2023.</p>
<p>Deliverability/Financial - Difficulties and/or delays in renegotiation of the HIF Funding Agreement with Homes England, leading to inability to amend timescales and milestones following the delays to the project.</p>	Amber		Amber	<p>The grant determination agreement (GDA) with Homes England included project milestones indicating full HIF spent by 31 March 2023 which was not realised. Milestones need to be changed, agreed and reflected in a variation to the GDA. The renegotiation is largely time related as a consequence of the merger and should be completed by the end of September 2023.</p>
<p>Financial - Planned expenditure may not be fully realised or may be delayed as a result of the due diligence process.</p>	Amber		Amber	<p>The wider Better Queensway project has already slipped whilst the merger and required due diligence have been finalised. While expenditure has been incurred on enabling works (for the full value of the £4.2m GBF allocation), funds were not transferred to the LLP as Sanctuary wanted to complete due diligence of the GBF funding agreement. Financial viability and cashflow of the wider project will be part of the revised business plan.</p>
<p>Reputational - Potential risk stemming from the project delays which could lead to associated procurement and cost issues.</p>	Green		Amber	<p>Supply chain issues and cost inflation remain the key risks to the wider project. Working with the Procurement Team to ensure competitive quotes and strong contract management to avoid price increases. While the merger has been completed there will need to be a revised business plan for the project which will be available by the end of September 2023.</p>

SELEP Key Risks

- 3.14 If Sanctuary Housing Association do not commit to continuing as a Joint Venture partner in the wider project and/or the proposed business plan revision is not viable, this would prevent the project from continuing in its present form. Southend-on-Sea City Council have identified that there are alternative routes through which delivery could be achieved, however, adoption of any of these options would likely result in a significant delay to delivery. Should Sanctuary not commit to continuing as a Joint Venture partner, and an alternative approach to delivery cannot be identified, Southend-on-Sea City Council would need to return the GBF funding for the project. This would also be the case if the business plan is considered to no longer be viable and delivery of the project is terminated. The reallocation of GBF funding would need to be considered in this eventuality.
- 3.15 The full GBF funding is still being held by Southend-on-Sea City Council and there is a risk that the required due diligence by Sanctuary will not be completed in time for the funding to be released before 30 June 2023.

Project Milestones

	Milestone Completion Date (April 2023)	Milestone Completion Date (June 2023)	Change in milestone date (RAG rating)	Commentary (To include: % of milestone achieved to date)
Completion of revised business plan	June 2023	September 2023	Amber	Delayed while Sanctuary Housing Association complete due diligence.
Southend-on-Sea City Council Internal Governance Process completed	June 2023	September 2023	Amber	Delayed while Sanctuary Housing Association complete review of the business plan.
Provision of Assurances to the Board	June 2023	September 2023	Amber	Delayed while Sanctuary Housing Association complete due diligence.

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Delivery of highways infrastructure investment	2023 to 2025	2023 to 2025	Green	Detailed planning and tender achieved. To be funded through HIF funding and therefore subject to conclusion of discussions with Homes England regarding the timeline for delivery.
Demolition of four existing residential blocks	2025 onwards	2025 onwards	Green	On the first block requiring demolition for the first residential phase decant and acquisitions are underway. Decant is 50% complete and CPO in principle in place to facilitate vacant possession.
Construction of housing, commercial space and public realm	2024 to 2033	2024 to 2033	Green	Detailed planning application for the first residential phase is with the Local Planning Authority but on pause pending completion of Sanctuary Housing Association due diligence.
Completion of the wider Better Queensway project	2033	2033	Green	Remains the same until new business plan approved.

Next Steps

- 3.16 Sanctuary Housing Association to complete the review of the breakdown of GBF claims supplied by Swan Housing to clarify eligibility of expenditure and cost implications. Subject to acceptance by Sanctuary, Southend-on-Sea City Council will then need to transfer funds to Porters Place LLP.
 - 3.17 Sanctuary is to continue the review of the business plan for the wider Better Queensway project, re-evaluating project viability and resetting milestones and expenditure forecasts, in light of the Swan Housing and Sanctuary Housing Association merger. A new business plan will then be prepared for the project and provided to Southend-on-Sea City Council - this is expected by the end of September 2023.
 - 3.18 Southend-on-Sea City Council to subject the business plan to the Council's internal governance processes and sign-off accordingly.
 - 3.19 Southend-on-Sea City Council to seek revision of the GDA with Homes England with regard to the HIF element of the wider project.
 - 3.20 Following agreement of the revised business plan, Southend-on-Sea City Council should provide assurances to the Board that the project will continue with Sanctuary Housing Association's involvement and provide a further update on the wider project, to include the latest position with regard to delivery timescales, project benefits and the total project cost. This update will be presented to the Board in September 2023 subject to completion of the required review and governance processes.
- 4. Extension of the full-fibre broadband rollout in Essex to reach rural and hard to reach areas**

Summary Position

- 4.1 Superfast Essex is a broadband improvement programme which is run by Essex County Council and aims to make superfast and ultrafast broadband available to as many homes and businesses across Essex as possible. The GBF funding was awarded to extend the Superfast Essex rollout programme to reach additional rural areas, with a focus on upgrading business premises.
- 4.2 The Board approved the award of £1.82m GBF to support delivery of the Extension of the full-fibre broadband rollout in Essex to reach rural and hard to reach premises project in October 2020. An additional £477,256 was awarded in November 2022 (£359,074) and January 2023 (£118,182) to support delivery of the approved Business Case.
- 4.3 In November 2021, the Board agreed that the GBF funding allocation could be retained against the project beyond March 2022 for a maximum period of 12 months, to 31 March 2023. This extension was granted due to project delivery being delayed as a result of the actions of a Government department (Broadband Delivery UK), rather than being due to a delivery issue.
- 4.4 In April 2023, the Board agreed to a further extension allowing the GBF funding allocation for the project to be retained for a further maximum period of 3 months (to 30 June 2023) to allow time for Essex County Council to complete the required governance processes associated with the additional funding awarded in January 2023.



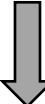
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- 4.5 In April 2023, the funding forecast anticipated that only the additional GBF funding of £118,182 awarded to the project in January 2023 would remain unspent by the end of March 2023, however, the latest reporting shows slippage in GBF spend with a greater proportion of the funding now expected to be spent in Q1 2023/24.
- 4.6 The project is considered to be High Risk due to GBF spend slippage with only £1,784,600 of the £2,179,074 transferred to date having been issued to the delivery partner by Essex County Council at the end of March 2022/23. This leaves a balance of £394,474, c. 18% of the funding transferred to date, which needs to be released to the delivery partner by the end of Quarter 1 2023/24. The release of the funding will be subject to receipt and processing of eligible invoices.
- 4.7 In addition, Essex County Council, as Accountable Body for SELEP, continues to hold £118,182 GBF (as awarded to the project in January 2023). This funding will not be transferred to Essex County Council (as responsible Upper Tier Local Authority) until required governance processes have been completed by the County Council. There is a risk that this funding will not be transferred prior to 30 June 2023.

Project Update

- 4.8 The works being delivered through the wider project have been divided into phases with funding released to the delivery partner only upon successful completion of all works within each phase. This measure is in place to ensure the Utilities companies meet all their requirements in full prior to sign-off and payment.
- 4.9 The delivery phase of the project was completed before the end of 2022/23, however with one outstanding invoice to be received and defrayed, which has been actioned during April-June 2023. This resulted in a delay in Essex County Council releasing the funding, but it is still expected that the GBF funding will be spent in full by 30 June 2023 including both the £394,474 carry over from 2022/23 and the £118,182 still to be transferred for 2023/24.
- 4.10 The expected spend in Quarter 1 2023/24 is greater than previously forecast at £512,656 (£394,474 and £118,182 combined). Essex County Council is closely governing the project to monitor this expenditure, particularly with regard to the additional £118,182 awarded in January 2023. Required governance processes are expected to complete in early June 2023, allowing for payment of claims throughout June 2023, alongside transfer of the remaining £118,182 by Essex County Council, as Accountable Body for SELEP, with ultimate aim for transfer and spend of the full GBF funding by 30 June 2023. However, there is still a significant risk that the administration for transfer of the £118,182 may take longer than anticipated, leading to the possibility of the 30 June 2023 deadline being missed.
- 4.11 In the eventuality that GBF funding is not spent by 30 June 2023, the project would be operating outside the scope of the decisions previously taken by the Board, resulting in GBF funding being at risk. There would be a requirement for the Board to agree retention of the funding at the September 2023 Board meeting and if an extension was not agreed, any expenditure otherwise than in accordance with the decisions of the Board would need to be returned to Essex County Council, as Accountable Body for SELEP, for reallocation to alternative projects.

Risk RAG Rating Table

Risk	RAG rating (April 2023)	Change since last Board meeting	Current RAG rating (June 2023)	Progress & Actions
Delays in completion of required governance processes	Amber		Amber	Essex County Council governance is due to complete in early June 2023, providing the opportunity for a grant agreement variation to be completed and the claim and payment of the remaining funding referred to below in 4.12.
Potential issues with regard to payment of Utility providers	Amber		Amber	There are no current issues with utility or broadband providers. The project has been delivered and the payment concerns only relate to outstanding invoices being processed.
GBF funding not fully spent by revised date	Red		Amber	The full GBF budget is expected to be claimed by the 30 June 2023 extension deadline agreed by the Board, provided the £118,182 still to be transferred can be actioned expeditiously.

SELEP Key Risks

- 4.12 SELEP is still holding GBF funding to the value of £118,182 for the project in addition to the £394,474 that has already been released to Essex County Council but remained unspent at the end of March 2023. There is a risk that these values will not be transferred and/or spent before 30 June 2023, in which case, subject to the outcome of a further decision by the Board in September 2023, reallocation of GBF funding would need to be considered.

Project Milestones

	Milestone Completion Date (April 2023)	Milestone Completion Date (June 2023)	Change in milestone date (RAG rating)	Commentary (To include: % of milestone achieved to date)
Commence Works	April 2022	January 2022	Green	100% complete ahead of original schedule.
Complete Works	June 2023	June 2023	Green	100% works completed but not all the contractor invoices have been received as yet. All funding is expected to be claimed by 30 June 2023.

Next Steps

- 4.13 The project is expected to progress throughout the next two months and compensate for the recent delays. While all works have been completed, this has not yet been invoiced and paid, so the process is due for completion by 30 June 2023, resulting in full GBF spend and transfer to delivery partners by the end of the quarter. The £118,182 of GBF funding currently still held by SELEP is expected to be transferred to Essex County Council to facilitate full payment to delivery partners, however the potential for delays in this process put the project at high risk.

5. No Use Empty South Essex



Summary Position

- 5.1. This project aims to provide short-term secured loans to property owners to allow for the return of long-term empty commercial properties back into effective use for residential, alternative commercial or mixed-use purposes. The project focuses on secondary retail and other commercial premises which have been significantly impacted by changing consumer demand, the impact of the pandemic and which may have been impacted by larger regeneration schemes.
- 5.2. The Board approved the award of £1.2m of GBF funding to support delivery of the project in November 2020.
- 5.3. The launch of the No Use Empty South Essex scheme was initially delayed as a consequence of the COVID-19 restrictions. The restrictions prevented meetings with property owners and developers as well as site visits to see potential properties.
- 5.4. The No Use Empty South Essex scheme was officially launched in April 2022, however, the required loan assessment and approval process took longer than initially anticipated which resulted in a delay in issuing the GBF funding to property owners. These factors resulted in the Board agreeing in November 2021, that GBF funding could be retained against the project for a maximum period of 12 months, to 31 March 2023.
- 5.5. The full £1.2m GBF funding award has now been allocated to No Use Empty loans but there were difficulties in completing all loans prior to 31 March 2023. Southend-on-Sea City Council previously envisaged that finalisation of only one loan (£223,000) would not be completed by the end of March 2023 as due diligence checks and legal paperwork were being carried out. As a result, at the last meeting, the Board granted a request to extend GBF funding against the project beyond March 2023, for a maximum period of 3 months to 30 June 2023 to allow sufficient time to process and finalise the remaining loan.
- 5.6. The No Use Empty South Essex is considered to be a High Risk as the original GBF spend forecast for 2022/23 was £977,000, however the project has seen significant slippage with only £407,089 spent to date. This leaves a balance of £792,911 c. 66% of the total GBF funding, to spend by the end of Quarter 1 2023/24.
- 5.7. A further related risk exists with regards to the final loan which is subject to more complicated legal processes as it wasn't possible for Southend-on-Sea City Council to put a first charge on the property which is subject to the loan. Work is underway to place a charge against another building owned by the same people.

Project Update

- 5.8. There has been slippage as completion of 4 of the 6 remaining loans extended into Quarter 1 2023/24 instead of completing in the preceding quarter as previously reported. 2 of these loans with a combined value of £300,000 have been completed during May 2023.
- 5.9. It is expected that Southend-on-Sea City Council will complete the required due diligence checks and legal paperwork during June 2023 for a further loan as the final documentation has been received and is awaiting final process and completion.
- 5.10. The fourth and final remaining loan relates to a major and very complex development in Leigh on Sea which is being secured on a separate property, adding further work to the due diligence and legal processes required. Within the project, all loans are secured against a property, as a legal charge on the asset. There are restrictive covenants in place on both the property for development in Leigh and on the property being used as security for the loan. Similarly, the building cannot be secured against because the developers have a purchase loan and a bridging loan, both as charges, and an No Use Empty rule prohibits a third charge. These issues have led to the delays thus far with this loan, however the developers are still very much committed to the application and completion of the loan remains a project priority. The timeframe for completion of this work and release of the funding is still scheduled for the end of June 2023.
- 5.11. There is limited scope in the programme should there be any further delays in completing the required checks and paperwork and therefore there is a risk that spend of the GBF funding may extend beyond June 2023. This risk will be closely monitored and an update on GBF spend will be provided to the Board at the next meeting.
- 5.12. In the eventuality that GBF spend is not completed by 30 June 2023, the project would be operating outside the scope of the decisions previously taken by the Board, resulting in GBF funding being at risk. There would be a requirement for the Board to agree retention of the funding at the September 2023 Board meeting and if an extension was not agreed, any expenditure other than in accordance with the decisions of the Board would need to be returned to Essex County Council, as Accountable Body for SELEP, for reallocation to alternative projects.

Risk RAG Rating Table

Risk	RAG rating (April 2023)	Change since last Board meeting	Current RAG rating (June 2023)	Progress & Actions
There is one outstanding loan of £250,000 which is still in progress. If not completed by 30 June 2023, the funding may need to be returned.	Amber		Amber	All company checks and financial due diligence has been completed. The applicant is an experienced development company and has taken on a large project in Leigh on Sea. The loan is important to their business, and they are committed to their NUE application. Due to complications with restrictive covenants and multiple titles the legal process is complex, which is taking longer than normal to work through. However, there is no reason for this loan to fail, it's just a case of working through each aspect and putting in place the required indemnities etc. Confidence in completion is high, confidence in completion before 30 June 2023 is high/medium.
Four loans being carried forward into the last quarter	Red		Amber	Work undertaken to progress two key loans, now completed, with work continuing to complete the two remaining loans. All loans are expected to complete by 30 June 2023.

SELEP Key Risks

- 5.13 The original GBF spend forecast for 2022/23 was £977,000, however the project has seen significant slippage with only £407,089 reported as spent. This leaves a balance of £792,911 to spend by the end of Quarter 1 2023/24. Whilst 3 loans have either now completed or are nearing completion, given the complexities surrounding the final loan, there is a risk that the GBF funding will not be spent in full before 30 June 2023, in which case, subject to the outcome of a further decision taken by the Board in September 2023, reallocation will need to be considered.

Project Milestones

	Milestone Completion Date (April 2023)	Milestone Completion Date (June 2023)	Change in milestone date (RAG rating)	Commentary (To include: % of milestone achieved to date)
Financial due diligence	March 2023	May 2023	Amber	Financial due diligence completed on all schemes. 100%
Establish legitimacy of planned legal charges	April 2023	30 June 2023	Amber	Legal charges in place on 5 schemes – last of 6 is in progress. 83%
Legal checks and completion of loan agreement (specifics listed below in Loans 1-6)	May 2023	30 June 2023	Amber	Loan agreements in place on 5 schemes. Outstanding for Loan 6 but expected by the end of June 2023. 83%
Completion of Loan 1 – Rochford (£175k)	08 December 2022	08 December 2022	Green	Loan completed and paid.
Completion of Loan 2 - Southend (£168k)	31 January 2023	31 January 2023	Green	Loan completed and paid.
Completion of Loan 3 - Brentwood (£250k)	March 2023	28 April 2023	Amber	Loan completed and paid.

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Completion of Loan 4 – Hadleigh (£50k)	March 2023	10 May 2023	Amber	Loan completed and paid.
Completion of Loan 5 - Canvey Island (£200k)	March 2023	June 2023	Amber	Final checks being undertaken prior to completion of the loan.
Completion of Loan 6 - Leigh on Sea (£223k)	June 2023	30 June 2023	Green	Loan Process is 75% of the way complete. Legal aspects (IE charge on second property owned) is in progress and will take most of early/mid-June to complete.
Release of all loan funds complete	June 2023	30 June 2023	Green	With only two loans to go, there is a major push towards final completion and full spend of the NUE fund by 30 June 2023.

Next Steps

5.14 Southend-on-Sea City Council is to complete the remaining checks and legal implications with a view to closing all loans by the end of June 2023. An update on the status of the project will be presented to the Board in September 2023.

6. Techfort Phase 2

Summary Position

- 6.1. The Techfort Phase 2 project aims to bring the Casemates at The Dover Citadel, a significant heritage asset, into beneficial economic use, helping to stabilise the ancient monument and create jobs in Dover. This phase of the project seeks to build on Techfort Phase 1 and maintain and upgrade two additional Casemates; 53 and 54 while creating 757 sqm of space for small businesses, craft workshops, retail, food and entertainment uses.
- 6.2. The Board approved the award of £850,000 GBF for Phase 2 of the project in January 2023 to expand on the developments already undertaken in the first phase.
- 6.3. Given the timing of the funding award, the Board agreed that GBF funding could be retained against the Techfort - Phase 2 project to 30 June 2023 to allow sufficient time for the works to be completed and for the GBF funding awarded to be spent in full.
- 6.4. The project is considered High Risk due to overall GBF spend slippage and a risk remains that not all GBF spend will be achieved within timelines previously agreed by the Board. The entire, original forecast spend has moved from Quarter 4 2022/23 with the full spend allocation of £850,000 now expected in Quarter 1 2023/24.

Project Update

- 6.5. The refurbishment of The Citadel experienced unexpected issues following the discovery of damp which needed to be resolved before delivery could commence. These issues have now been resolved and delivery of the project is underway. However, this has resulted in expenditure slippage with spend shifting from Quarter 4 2022/23 into Quarter 1 2023/24.
- 6.6. The same contractor has been procured to deliver both Phase 1 and Phase 2 of the project, so this has ensured smooth transition into the delivery of Phase 2 and construction has continued at pace as a result, reducing significant delivery risk.
- 6.7. Kent County Council has received and processed an initial claim in relation to the project and therefore £349,330 of GBF funding has already been released.
- 6.8. Practical completion of the project is still on target for the end of June 2023, so it is expected that the project will complete and the GBF funding will be spent in full prior to the end of June 2023.
- 6.9. In the eventuality that GBF spend is not completed by 30 June 2023, the project would be operating outside the scope of the decisions previously taken by the Board, resulting in GBF funding being at risk. There would be a requirement for the Board to agree retention of the funding at the September 2023 Board meeting and if an extension was

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not agreed, any expenditure other than in accordance with the decisions of the Board would need to be returned to Essex County Council, as Accountable Body for SELEP, for reallocation to alternative projects.

Risk RAG Rating Table

Risk	RAG rating (April 2023)	Change since last Board meeting	Current RAG rating (June 2023)	Progress & Actions
Damp issue arising from underground structure	N/A	New risk identified after April 2023 Board Meeting	Amber	Replacement gulley surface due by 2 June to address damp ingress.
Bats found in Ancillary Block C's WCs	N/A	New risk identified after April 2023 Board Meeting	Amber	Bat condition resolved and works to the WCs are underway.
Significant works required to complete the project by June 2023	N/A	New risk identified after April 2023 Board Meeting	Amber	Contractor has accelerated works where possible, snagging meeting scheduled for 5 June to assess remaining works.

SELEP Key Risks

- 6.10 There is a risk that not all GBF spend will be achieved within the timeframe previously agreed by the Board. The full allocation of £850,000 is now expected to be spent by the end of Quarter 1 2023/24, however, if this is not realised, subject to the outcome of a further decision by the Board in September 2023, then reallocation will need to be considered.

Project Milestones

	Milestone Completion Date (April 2023)	Milestone Completion Date (June 2023)	Change in milestone date (RAG rating)	Commentary (To include: % of milestone achieved to date)
Start of Works	28 January 2023	28 January 2023	Green	Works started in line with agreed programme.
Construction	30 June 2023	30 June 2023	Green	Construction continues at pace.
Project Completion Date	30 June 2023	30 June 2023	Green	Snagging meeting scheduled for 5 June 2023 to assess remaining works.

Next Steps

6.11 Construction is to continue throughout the next few months with practical completion scheduled for the end of June 2023. Thereafter, initial engagement with potential tenants will follow in due course.

7. Financial Implications (Accountable Body comments)

7.1 There continue to be a number of challenges to completion of the projects in this report, particularly with respect to ensuring spend of the GBF by 30th June 2023; this presents risks on assuring delivery of the expected outcomes.

7.2 In addition to the specific challenges outlined in this report, the Board should be aware of wider risks in 2023/24 and beyond which may impact costs and delivery of outcomes due to difficulties experienced by projects as a result of Brexit, COVID-19, economic uncertainty, inflation and overall delay in implementation.

7.3 To mitigate these risks, the Board is advised to keep under review the delivery progress of these projects and to take this into account with regard to any further funding decisions made.

7.4 Essex County Council, as the Accountable Body, is responsible for ensuring that the GBF funding is utilised in accordance with the conditions set out by Government for use of the Grant.

7.5 All GBF in respect of the projects considered has been transferred to Southend-on-Sea City Council and Kent County Council respectively, as the Project Lead Authorities; the funding has been transferred, under the terms of a Service Level Agreement (SLA) which makes clear that funding can only be used in line with the agreed terms.

7.6 The Agreements also set out the circumstances under which funding may have to be repaid should it not be utilised in line with the conditions of the grant or in accordance with the Decisions of the Board.

8. Legal Implications (Accountable Body comments)

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

9. Equality and Diversity Implications

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

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- 9.1.1 Eliminate unlawful discrimination, harassment and victimisation and other behaviour prohibited by the Act.
 - 9.1.2 Advance equality of opportunity between people who share a protected characteristic and those who do not.
 - 9.1.3 Foster good relations between people who share a protected characteristic and those who do not including tackling prejudice and promoting understanding.
- 9.2 The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation.
- 9.3 In the course of the development of the project Business Case, the delivery of the Project and the ongoing commitment to equality and diversity, the promoting local authority will ensure that any equality implications are considered as part of their decision making process and where possible identify mitigating factors where an impact against any of the protected characteristics has been identified.

10. List of Appendices

- 10.1 Appendix A - Better Queensway - Project Background Information
- 10.2 Appendix B - Extension of the full-fibre broadband rollout in Essex to reach rural and hard to reach areas - Project Background Information
- 10.3 Appendix C – No Use Empty South Essex - Project Background Information
- 10.4 Appendix D – Techfort Phase 2 - Project Background Information

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

Role	Date
Accountable Body sign off Michael Neumann (on behalf of Nicole Wood, S151 Officer, Essex County Council)	07/06/2023

Appendix A - Getting Building Fund Project Background Information

Name of Project	Better Queensway Southend, SS2 5AW
Responsible Upper Tier Local Authority	Southend-on-Sea City Council
Delivery Organisation	Joint Venture between Southend-on-Sea City Council and Swan Housing (now Sanctuary Housing Association subject to completion of due diligence)
Getting Building Fund value	£4.2m
Project Description	<p>Better Queensway is an estate and town centre renewal project seeking to transform a 5.2-hectare site to the north of Southend town centre. The project will include phased demolition of existing residential and commercial units, including four tower blocks and redevelopment to provide up to 1,669 dwellings; and 7,945sq m of commercial space made up of retail, office, and community and leisure space. The project will also involve significant infrastructure and engineering work to provide a new four lane carriageway with footpath, cycle and bus facilities, which will remedy the sites severance with the High Street, provide a greater developable area, reduce pollution and improve connectivity, including important through traffic routes to the seafront.</p> <p>Southend-on-Sea City Council has been successful in securing £15m of funding from the Housing Infrastructure Fund to make the necessary highway improvement works and has entered into a joint venture with Swan Housing Association as development partner. This approach will employ a 'whole-place' approach to regeneration, addressing the inefficiently planned estate and poor quality of the existing 441 housing units on site, as well as enhancing the wider area and improving access to multiple development sites.</p>
Project benefits	<p>The project will deliver:</p> <ul style="list-style-type: none"> • 1,669 new homes • 7,945sqm of commercial space • 552 FTE jobs • Improved environmental benefits through energy efficiency • Transport benefits through the delivery of road, cycle, pedestrian infrastructure to improve access to the town centre • Economic benefits through the creation of additional high-quality commercial space and increased spend through an increased population on the site.

Financial Information	The funding package as set out in the Business Case was as follows:	
	Funding Source	Funding Package £
	Getting Building Fund	4,200,000
	Housing Infrastructure Fund	15,000,000
	Other	2,700,000
	Total	21,900,000
Current project constraints and risks	<p>The Regulator of Social Housing took the decision to downgrade Swan Housing Association's viability and governance grades. As a result of this decision, Swan Housing did not meet the Regulator's governance and viability standards and steps needed to be taken to improve work in these areas.</p> <p>In February 2023, a merger between Sanctuary Housing Association and Swan Housing was finalised, with Swan Housing becoming a subsidiary of Sanctuary. Following this acquisition, Sanctuary commenced due diligence, including a review of the Business Plan for the wider Better Queensway project, and advised Southend-on-Sea City Council that a new business plan would be provided. Until these exercises are complete, there is uncertainty regarding whether Sanctuary will sanction continued involvement in the project. This is having a domino effect on the spend of the GBF funding as it has not yet been possible to release the funding to Sanctuary. This means that the full GBF funding allocation has been carried forward into Q1 2023/24.</p> <p>There are other options available to Southend-on-Sea City Council if Sanctuary Housing Association is unable to continue to contribute to the project, but these options are likely to extend the delivery programme and may impact on the quantity of benefits which will be realised during the GBF monitoring period specified by Central Government.</p>	
Link to Project webpage	https://www.southeastlep.com/project/better-queensway-southend/	

Appendix B - Getting Building Fund Project Background Information

Name of Project	Extension of the full-fibre broadband rollout in Essex to reach rural and hard to reach areas									
Responsible Upper Tier Local Authority	Essex County Council									
Getting Building Fund value	£2.297m									
Project Description	<p>Superfast Essex is a broadband improvement programme which is run by Essex County Council. The programme aims to make superfast and ultrafast broadband available to as many homes and businesses across Essex as possible.</p> <p>The GBF funding was awarded to enable the extension of the Superfast Essex programme to cover a wider geographical area, incorporating additional rural areas where the demand for fast broadband services is nearly 15% higher than the average for Essex.</p>									
Project Benefits	<p>The project will deliver:</p> <ul style="list-style-type: none"> • At least 1,500 homes and businesses which currently have poor internet connectivity will be upgraded to provide access to ultrafast broadband. • It is expected that 300 of these premises will be occupied by businesses. As a result of the GBF investment, these remote businesses will be in a position to maintain their operations in the post COVID-19 economy, which is expected to be more focused on online trading and customer engagement. In addition, it is expected that additional jobs will be created to drive this digital customer engagement. • In addition, the investment will support remote working and home learning for approximately 1,200 homes. 									
Financial Information	<p>The funding package as set out in the application for additional GBF funding was:</p> <table border="1"> <thead> <tr> <th>Funding Source</th> <th>Funding Package £</th> </tr> </thead> <tbody> <tr> <td>Getting Building Fund</td> <td>2,297,256</td> </tr> <tr> <td>Supplier Contribution</td> <td>600,000</td> </tr> <tr> <td>Total</td> <td>2,897,256</td> </tr> </tbody> </table>		Funding Source	Funding Package £	Getting Building Fund	2,297,256	Supplier Contribution	600,000	Total	2,897,256
Funding Source	Funding Package £									
Getting Building Fund	2,297,256									
Supplier Contribution	600,000									
Total	2,897,256									
Current project constraints and risks	<p>The original funding forecast anticipated that only the additional GBF funding of £118,182 awarded to the project in January 2023 would remain unspent by the end of March 2023, however, the latest reporting shows slippage in GBF spend with a greater proportion of the funding now expected to be spent in Q1 2023/24.</p> <p>Essex County Council (as the Accountable Body for SELEP) continues to hold the £118,182 additional GBF awarded to support project delivery in January 2023. It will not be possible for this funding to be released until Essex County Council (as responsible Upper Tier Local Authority) have completed all required governance associated with the award of the additional funding.</p>									

Link to Project webpage	https://www.southeastlep.com/project/extension-of-the-full-fibre-broadband-rollout-in-essex-to-reach-rural-and-hard-to-reach-premises/
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Appendix C - Getting Building Fund Project Background Information

Name of Project	No Use Empty South Essex									
Responsible Upper Tier Local Authority	Southend-on-Sea City Council									
Delivery Organisation	Southend-on-Sea City Council									
Getting Building Fund value	£1.2m									
Project Description	<p>The Project will provide short-term secured loans to property owners to enable the return of long-term empty commercial properties back into effective use for residential, alternative commercial or mixed-use purposes. The project will focus on secondary retail and other commercial premises which have been significantly impacted by changing consumer demand, the impact of the pandemic and which may have been impacted by larger regeneration schemes.</p> <p>The Project replicates the scheme which has been supported through the Growing Places Fund in Kent.</p>									
Project Benefits	<p>The project will deliver:</p> <ul style="list-style-type: none"> • support economic growth through new commercial activity: attracting new business rates and creating and safeguarding jobs. • increase the number of new homes available as a result of mixed-use development: generating new council tax receipts and attracting Government New Homes Bonus. • support wider regeneration, in particular assisting in improving the vitality and viability of existing commercial areas, improving the quality of the local environment, complementing wider regeneration activities and supporting community safety and cohesion. 									
Financial Information	<p>The funding package as set out in the Business Case was as follows:</p> <table border="1"> <thead> <tr> <th>Funding Source</th> <th>Funding Package £</th> </tr> </thead> <tbody> <tr> <td>Getting Building Fund</td> <td>1,200,000</td> </tr> <tr> <td>Other</td> <td>1,300,000</td> </tr> <tr> <td>Total</td> <td>2,500,000</td> </tr> </tbody> </table>		Funding Source	Funding Package £	Getting Building Fund	1,200,000	Other	1,300,000	Total	2,500,000
Funding Source	Funding Package £									
Getting Building Fund	1,200,000									
Other	1,300,000									
Total	2,500,000									
Current project constraints and risks	<p>The full £1.2m GBF funding award has now been allocated to No Use Empty loans but there were difficulties in completing all loans prior to 31 March 2023. Southend-on-Sea City Council previously envisaged that finalisation of only one loan (£223,000) would not be completed by the end of March 2023. However, due to required due diligence processes taking longer than anticipated, and due to complexities associated with the final loan, it was only possible for 2 of the 6 loans to complete by 31 March 2023. It is expected that the remaining loans will complete by 30 June 2023.</p>									
Link to Project webpage	https://www.southeastlep.com/project/south-essex-no-use-empty/									

Appendix D - Getting Building Fund Project Background Information

Name of Project	Techfort – Phase 2									
	The Citadel, Dover									
Responsible Upper Tier Local Authority	Kent County Council									
Delivery Organisation	Dover Citadel Limited									
Getting Building Fund value	£850,000									
Project Description	<p>The project seeks to bring the Casemates at The Citadel into beneficial economic use, helping to stabilise the ancient monument and creating jobs in Dover. The Casemates were previously used by the Ministry of Justice but are currently redundant and need refurbishment before they can be re-occupied. Phase 1 of the project was awarded £1.009m GBF funding in February 2022 to support refurbishment of Casemates 51 and 52. Delivery of Phase 1 of the project is now complete.</p> <p>Phase 2 of the project specifically seeks to refurbish Casemates 53 and 54, creating 757 sqm of space for small businesses, craft workshops, retail, food and entertainment uses.</p> <p>The GBF funding is sought to kick-start the development process at The Citadel, with these works representing the initial phases of a long-term vision for the site.</p>									
Project benefits	<ul style="list-style-type: none"> • Creation of 19 jobs and opportunities for 4 trainees • Additional educational opportunities for learners and art/craft participation • Increased footfall and potential for additional events • Increase in the number of creative businesses in Dover • Increase in Dover’s cultural offer through the opening of The Citadel • Increasing the potential for future investment at The Citadel • Improved outlook for The Citadel at the Western Heights 									
Financial Information	<p>The funding package as set out in the Business Case was:</p> <table border="1"> <thead> <tr> <th>Funding Source</th> <th>Funding Package £</th> </tr> </thead> <tbody> <tr> <td>Getting Building Fund</td> <td>850,000</td> </tr> <tr> <td>Dover Citadel Limited</td> <td>251,417</td> </tr> <tr> <td>Total</td> <td>1,101,417</td> </tr> </tbody> </table>		Funding Source	Funding Package £	Getting Building Fund	850,000	Dover Citadel Limited	251,417	Total	1,101,417
Funding Source	Funding Package £									
Getting Building Fund	850,000									
Dover Citadel Limited	251,417									
Total	1,101,417									
Current project constraints and risks	<p>All required consents have now been secured allowing delivery of the project to progress. In addition, it has been confirmed that the contractor appointed to deliver Phase 1 of the project has also taken on responsibility for delivering Phase 2. As a result, the majority of delivery risks have already been mitigated.</p>									

Link to Project webpage	Techfort at the Citadel, Dover (Phase 2) - The South East Local Enterprise Partnership (southeastlep.com)
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Forward Plan reference numbers: FP/AB/647, FP/AB/648, FP/AB/652 and FP/AB/655

Report title: Local Growth Fund Capital Programme Update	
Report to: Accountability Board	
Report author: Helen Dyer, SELEP Capital Programme Manager	
Meeting date: 16 June 2023	For: Decision
Enquiries to: helen.dyer@southeastlep.com	
SELEP Partner Authority affected: East Sussex, Essex, Kent, Medway, Thurrock and Southend	

1. Purpose of Report

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

2. Recommendations

- 2.1. The Board is asked to:
 - 2.1.1. **Note** the provisional total spend in 2022/23 of £12.447m LGF excluding Department for Transport (DfT) retained schemes and £12.685m including DfT retained schemes, as set out in Table 1 and Appendix A of the report.
 - 2.1.2. **Agree** the updated total planned LGF spend on project delivery in 2023/24 of £10.941m excluding DfT retained schemes and increasing to £11.027m including DfT retained schemes, as set out in Table 2 and Appendix A of the report.
 - 2.1.3. **Note** that a revised Business Case for the Hastings and Bexhill Movement and Access Package will be brought forward for Board consideration at the September 2023 meeting.
 - 2.1.4. **Note** the deliverability and risk assessment, as set out in Appendix D.
 - 2.1.5. **Note** the list of outstanding post scheme completion Monitoring and Evaluation reports, as set out in Appendix G.

3. Summary position

- 3.1. The £578.9m SELEP LGF allocation received from the Ministry of Housing Communities and Local Government (MHCLG) (now named the Department for Levelling Up, Housing and Communities (DLUHC)) has been fully awarded to support delivery of projects.

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

4. Award of Local Growth Fund

- 4.1. The Board has approved the award of the full £578.9m SELEP LGF allocation to 106 projects, including DfT retained schemes. The A127 Fairglen junction improvements project, a DfT retained scheme with an LGF allocation of £15m, is still awaiting approval by the DfT. Despite this, £1.5m of the LGF allocation has been spent to date following a request from Government to accelerate partial release of the funding.
- 4.2. At the Strategic Board meeting on 11 December 2020, a pipeline of LGF projects was agreed by SELEP Ltd. Ten projects were identified to receive additional LGF, based on the £6.693m LGF unallocated at the time of the meeting. A ranked pipeline of projects was also established to identify the next LGF projects in line to receive additional funding, if further LGF became available.
- 4.3. The Board approved the award of £6.662m to the ten prioritised projects at the February and March 2021 Board meetings. In addition, a further £0.901m was awarded to the Kent and Medway Engineering, Design, Growth and Enterprise (EDGE) Hub project, as the first project on the agreed pipeline, following the cancellation of the Basildon Innovation Warehouse project in February 2021.
- 4.4. Following the decision by the Board in September 2021 to reduce the LGF allocation to the A26 Tunbridge Wells Cycle and Junction Improvements Package by £623,389, additional LGF funding was awarded to the Kent and Medway Engineering, Design, Growth and Enterprise (EDGE) Hub, Mercury Rising and Southend Airport Business Park projects.
- 4.5. In May 2022, £0.207m was removed from the A127 Essential Maintenance project following confirmation of project completion. This funding was awarded to the Southend Airport Business Park project in accordance with the prioritised project pipeline.
- 4.6. The remaining prioritised project pipeline is set out in Appendix B. As delivery of the majority of the ongoing LGF projects nears completion, work is being undertaken by the SELEP Capital Programme Team, in conjunction with relevant local partners, to confirm the ongoing need for additional LGF funding

to support delivery of the projects remaining on the pipeline. In addition, confirmation of the additionality (additional benefit) that will be realised should further LGF funding be awarded to any of the projects on the pipeline needs to be provided by the relevant local partner authorities.

5. Local Growth Fund spend position

- 5.1. LGF spend in 2022/23 is reported to total £12.447m excluding DfT retained schemes, increasing to £12.685m including DfT retained schemes. This is the provisional year end spend position for 2022/23. It is intended that the 2022/23 year end spend position will be confirmed at the next Board meeting following completion of required year end declarations by all local partner authorities.
- 5.2. The reported 2022/23 spend has been taken from the latest round of LGF quarterly reporting and demonstrates that reported spend in 2022/23 is £15.275m (excluding DfT retained schemes) or £15.361m (including DfT retained schemes) below the level forecast at the start of the financial year. This change is shown in Table 1 below.

Table 1: Provisional 2022/23 year end spend position

LGF (£m)				
	Planned LGF spend 2022/23	Reported spend 2022/23	Variance (between planned and reported spend)	% Variance
East Sussex	9.551	3.448	-6.103	-63.9%
Essex	8.861	5.786	-3.075	-34.7%
Kent	6.143	1.717	-4.426	-72.0%
Medway	0.000	0.000	0.000	0.0%
Southend	1.496	1.496	0.000	0.0%
Thurrock	1.671	0.000	-1.671	-100.0%
LGF Sub-Total	27.722	12.447	-15.275	-55.1%
Retained	0.324	0.238	-0.086	-26.4%
Total Spend	28.046	12.685	-15.361	-54.8%

- 5.3. There are a number of factors which are impacting on the level of LGF spend, including ongoing COVID-19 and Brexit impacts on project delivery. There has been a widespread increase in materials costs which has adversely affected the majority of the ongoing projects and has in some cases resulted in the need for works to be reprocured. This issue has been further compounded by delays in key material supply chains which have been affected by both the COVID-19 pandemic and Brexit, and labour shortages due to COVID-19 enforced absences.

Local Growth Fund Capital Programme Update

- 5.4. In addition, East Sussex County Council have advised that their previous Highways Contract expired in April 2023, with a new contractor taking over from 1 May 2023. As a result, the previous contractor would only undertake works that they were confident could be completed prior to the end of the contract. This impacted on a number of the ongoing transport schemes within East Sussex County Council's LGF programme.
- 5.5. Thurrock Council has faced well documented challenges during the course of 2022/23, which have resulted in a complete review of their Capital Programme being undertaken. This review has particularly impacted on the Grays South project, which continues to hold unspent LGF funding.
- 5.6. Table 2 below sets out the updated LGF spend forecast for future years.

Table 2: Summary LGF spend forecast – all years

LGF (£m)							
	Actual LGF spend to end of 2020/21	Actual LGF spend 2021/22	Actual LGF spend 2022/23	LGF forecast spend 2023/24	LGF forecast spend 2024/25 onwards	Total	% LGF allocation spent by 31 March 2021
East Sussex	64.172	7.702	3.448	4.222	2.476	82.020	78.2%
Essex	90.199	2.930	5.786	3.000	12.075	113.991	79.1%
Kent	100.574	19.227	1.717	3.719	3.418	128.656	78.2%
Medway	25.460	6.980	0.000	0.000	0.000	32.440	78.5%
Southend	27.126	5.092	1.496	0.000	0.000	33.715	80.5%
Thurrock	29.491	0.651	0.000	0.000	5.699	35.840	82.3%
Skills	21.975	0.000	0.000	0.000	0.000	21.975	100.0%
M20 Junction 10a	19.700	0.000	0.000	0.000	0.000	19.700	100.0%
Sub-total	378.697	42.582	12.447	10.941	23.668	468.335	80.9%
DfT retained	93.887	2.889	0.238	0.086	13.500	110.600	84.9%
Total spend forecast	472.584	45.472	12.685	11.027	37.168	578.935	81.6%

- 5.7. Table 2 shows that 81.6% of the total LGF allocation (including DfT retained schemes) had been reported as spent by the end of March 2021. A further 10.05% of the LGF allocation was reported as spent in 2021/22 and 2022/23, leaving 8.32% unspent as at 1 April 2023 with the majority of this funding forecast for spend in 2024/25 or beyond.
- 5.8. As agreed by the Board, and in line with the commitment made to Government, the majority of the remaining LGF funding received from MHCLG was transferred to relevant local partners at the end of 2020/21 to support delivery of approved projects beyond 31 March 2021, which represented the official end of the Growth Deal period. The only Government funding still held by Essex County Council, as the Accountable Body for SELEP, totalled £5.146m. This was made up of the remaining balance held against the A28 Sturry Link Road project (£4.656m) and a historic error in Essex County Council's grant claims (£0.490m) which was resolved in 2021/22.
- 5.9. At the November 2021 meeting, the Board agreed that the £4.656m LGF funding allocated to the A28 Sturry Link Road project could be transferred to Kent County Council to support delivery of the project on condition that all the

required land acquisition was completed by 31 August 2023. As the Board will recall, at the last meeting Kent County Council advised that this deadline for completion of the land acquisition would not be met and an extension until April 2025 was agreed. A further update on the project is provided under Agenda Item 10.

- 5.10. Delivery of the ongoing LGF projects and spend of the funding transferred to local partners at the end of 2020/21 and during 2021/22 will continue to be monitored until all projects have reached completion.

6. Deliverability and Risk

- 6.1. Appendix D sets out a delivery update and risk assessment for all projects included in the LGF programme. This provides a detailed breakdown of the delivery progress for each LGF project, relative to the expected completion dates, as set out in the original business cases.
- 6.2. Changes to the structure of Appendix D have previously been made to ensure that it is possible to differentiate between those projects which have completed their LGF spend but which are continuing to deliver against their agreed Business Case and those projects which have completed both LGF spend and delivery in accordance with their agreed Business Case. This change in approach has meant that a small number of projects which were previously reported as complete, due to their LGF allocation having been spent in full, are now being shown as ongoing including North Bexhill Access Road, East Sussex Strategic Growth Package and Bexhill Enterprise Park North.
- 6.3. The North Bexhill Access Road project has achieved practical completion, with construction works complete and the full length of the road opened for use by the public in March 2019. As has been reported previously, ancillary works which are not being funded through the LGF are being undertaken alongside the new road by Sea Change Sussex. A further update on the project will be provided at a future meeting when Sea Change Sussex and East Sussex County have confirmed an agreed position.
- 6.4. The East Sussex Strategic Growth project was intended to develop strategic business space and utilise its generated income as flexible recyclable investment funding to ensure the continued growth of quality employment space throughout East Sussex. The LGF funding awarded to the project was designed to be seed funding for multi-phase development. Therefore, only a portion of the development outlined within the Business Case was due to be funded through the LGF, with the remaining works being funded by income generated through letting or selling the assets delivered through the initial phase of the project.
- 6.5. The initial works delivered through the LGF funding have been delivered, however, a completion date for the remaining works outlined within the East Sussex Strategic Growth Business Case is not yet known as the timeline for

delivery of the later phases of development has been adversely affected by the economic impacts of the COVID-19 pandemic and Brexit which have reduced the income achieved to date through the delivery of the initial phases of development.

- 6.6. Delivery of the remaining works required as per the agreed project Business Case will continue to be monitored.
- 6.7. LGF funding was awarded to the Bexhill Enterprise Park North project to bring forward enabling site and servicing infrastructure which will release the site for development. As outlined in the Business Case, it is expected that private sector investment will be forthcoming to fund the delivery of the planned commercial workspace on the site. Whilst the LGF funded enabling works have now been delivered, commercial workspace is yet to come forward on the site. East Sussex County Council have reported that there is a need for utility diversion works to be completed prior to the commencement of construction of the commercial workspace.
- 6.8. As the Value for Money offered by the project was calculated based on the existence of the commercial workspace, the project will continue to be marked as being in progress until the commercial workspace has been delivered as set out in the approved Business Case.
- 6.9. The summary project risk assessment position is set out in Table 3 below. A score of 5 represents high risk (red) whereas a score of 1 represents low risk (green).
- 6.10. The risk assessment has been conducted for LGF projects based on:
 - 6.10.1. **Delivery** – considers project delays, any delays to the delivery of the project outputs/outcomes and delays in submission of the required post scheme completion Monitoring and Evaluation reports. SELEP has considered the delay between the original expected project completion date (as stated in the project business case) and the updated forecast project completion date.
 - 6.10.2. To ensure consistency with Government guidance on the assessment of LGF project deliverability risk, all projects with a greater than 3 month delay are shown as having a risk of greater than 4 (Amber/Red), unless the project has now been delivered and there is no substantial impact on the expected project outcomes delivery.
 - 6.10.3. **Finances** – considers changes to project spend profiles, project budget, certainty of match funding contributions and amount of LGF spend forecast beyond 31 March 2023.
 - 6.10.4. **Reputation** – considers the reputational risk for the delivery partner, local authority and SELEP Ltd.

Table 3: Summary of LGF project risk

Risk Score	Number of projects	LGF allocation to projects (£m)	LGF spend beyond 31 March 2023 (£m)
Low risk - 1	15	59.899	0.000
Low/Medium risk - 2	48	178.144	0.000
Medium risk - 3	17	94.327	0.442
Medium/High risk - 4	15	90.248	8.624
High risk - 5	11	156.318	39.128
Total	106	578.935	48.195

- 6.11. In total, £39.128m LGF is forecast for spend on high-risk projects beyond the end of 2022/23. A summary of the 11 high risk projects is set out in Appendix E.
- 6.12. Updates on 5 of the high-risk projects are provided under Agenda Items 10, 11, 12 and 13. In summary, the position regarding the other 6 high-risk projects is as follows:
- 6.12.1. Hastings and Bexhill Movement and Access Package (total LGF allocation £9m) – The project is seeking to deliver an integrated package of cycling, walking and bus infrastructure, traffic management and public realm improvements, which are aimed at supporting economic growth and planned growth across Bexhill and Hastings.
- 6.12.2. As set out at the last Board meeting, one element of the proposed scheme was a cycle route through Alexandra Park in Hastings. However, Hastings Borough Council took the decision to refuse the introduction of the cycle path. As a result, East Sussex County Council are currently reviewing their options with regard to how the LGF funding originally awarded to the Alexandra Park cycle route should be used.
- 6.12.3. In addition, East Sussex County Council have reported cost increases across the package, with recent cost estimates significantly exceeding the allocated budget. As a result, the ongoing review of the project will also consider which elements of the package should be prioritised for delivery through the LGF project.
- 6.12.4. Any proposals brought forward will be subject to the completion of the agreed Change Request process and submission of a revised Business Case which will be subject to review by the ITE. Following completion of this work, a decision will be brought forward for Board consideration. It is currently anticipated that the required work to produce the revised Business Case will be completed in advance of the next Board meeting.

- 6.12.5. A127 Fairglen Junction Improvements (DfT retained scheme) (total LGF allocation £15m) – whilst the Board approved the award of the remaining £13.5m LGF allocation to the project in February 2021, a final decision to approve the project from the Secretary of State for Transport remains outstanding. DfT have now indicated a requirement for additional obligations with regard to land acquisition to have been met by Essex County Council before the funding decision will be taken. Essex County Council are working to meet these obligations as soon as possible.
- 6.12.6. Essex County Council have confirmed that the Compulsory Purchase Order (CPO) objection process concluded in April 2022. Whilst there were no objections from landowners, 3 objections were received from UK Power Networks (UKPN), Network Rail and National Grid. All 3 objections have now been resolved and therefore it is expected that the CPO will be confirmed shortly. Essex County Council has reverted to the contractors who tendered for the works to ask them to re-confirm their prices, compared to their August 2020 tender submissions. Upon completion of this process, the Full Business Case will be updated to reflect the updated total cost and a final version of the Business Case will be submitted to DfT for sign off. Essex County Council are now targeting a start onsite to deliver the A127 Fairglen Junction Improvements project in February 2024.
- 6.12.7. A28 Chart Road, Kent (total LGF allocation £2.756m) – the project remains on hold whilst waiting for the Chilmington developer to reach their planning obligation to provide funding for the project, under the terms of the S106 agreement. This planning obligation will be reached once 400 homes have been occupied on the site. It was originally anticipated that the planning obligation would be reached in 2022 or 2023, however, the build out rate has been slower than anticipated so it is looking likely that the planning obligation will not be reached until 2024/25. There remains a risk that LGF spend to date totalling £2.756m may become an abortive revenue cost if the S106 contributions are not forthcoming and the project cannot be delivered in accordance with the agreed LGF Business Case. In this situation, the LGF funding would need to be returned to SELEP for reallocation to alternative projects.
- 6.12.8. A289 Four Elms Roundabout to Medway Tunnel (total LGF allocation £1.821m) – the LGF funding allocated to the project has been spent in full progressing the design for the scheme, however, the improvements to the road will be delivered as part of Medway Council's New Routes to Good Growth (Future Hoo) Housing Infrastructure Fund (HIF) project.
- 6.12.9. Medway Council has confirmed that good progress continues to be made towards delivery of the HIF project. In July 2022, a Future Hoo progress report setting out design development on road and rail,

along with the results of the second Future Hoo consultation was published. Design work in relation to the proposed rail and highway interventions has continued and it is expected that a planning application for the highways works will be submitted in September 2023.

- 6.12.10. Due to the impact of high inflation levels and rising interest rates, the decision has been made to pause the planned rail intervention at the current time. This will be reviewed in two years as sites start to come forward on Hoo Peninsula. Work has now commenced on feasibility studies for sustainable transport interventions.
- 6.12.11. In addition, work continues on a number of Strategic Environmental Management Schemes (SEMS). Three SEMS have been subject to detailed consultation, with planning consent now granted for two of the sites. A fourth site will be subject to detailed consultation in July 2023, with a view to submitting a planning application in November 2023.
- 6.12.12. In light of the current status of the HIF project, there remains a risk that LGF spend to date totalling £1.821m may become an abortive revenue cost if the HIF funded works are not forthcoming and the project cannot be delivered in accordance with the agreed LGF Business Case. In this situation, the LGF funding would need to be returned to SELEP for reallocation to alternative projects.
- 6.12.13. Purfleet Centre (total LGF allocation £5m) - The Purfleet Centre project is seeking to secure the comprehensive redevelopment of a 140 acre site to provide a new town centre for Purfleet featuring: c.2,500 new homes, a 600,000 sqft film and television studio complex, and supporting infrastructure including a new primary school, health centre, supermarket and community spaces within a high quality public realm. The LGF funding was awarded to support the acquisition of the required land, and this element of the project has been completed and the LGF funding has been spent in full.
- 6.12.14. As detailed at the last meeting, Thurrock Council have provided an update on the project to their Planning, Transport, Regeneration Overview and Scrutiny Committee which highlighted concerns regarding progress towards achieving the forecast project benefits. The update provided was as follows:
- 6.12.15. 'In order for Purfleet Centre Regeneration Limited (PCRL) to fulfil its role as lead developer and deliver the planned programme set out in the Development Agreement they need access to sufficient levels of funding (equity, debt and grant) to bring the project forward and a well-resourced team able to effectively manage all workstreams. To date, progress to deliver the scheme through the current Development Agreement arrangement has been disappointing and

only a small percentage of the homes have even been started on site.

- 6.12.16. PCRL has struggled to obtain funding (debt and additional equity) for the project and this has been its main obstacle to unlocking delivery. In 2020 the Council restructured the delivery route for Phase 1 by entering into the Phase 1 Agreement for Leases to accommodate the Housing Infrastructure Fund funding and make it easier for PCRL to secure the funding it needed but it has still not managed to obtain funding. It is important to note that a major shareholder in PCRL, Swan Housing, has faced significant financial challenges in recent years which have impacted on their ability to continue to engage effectively.
- 6.12.17. PCRL appointed Knight Frank Capital Advisory in August 2021 to source an equity investment partner for the Purfleet regeneration project. The search for equity funding is ongoing. The current Development Agreement is not delivering the required outcomes and PCRL have failed to provide the equity needed to take the development programme forward in a reasonable timescale. Therefore, we (Thurrock Council) are examining a full range of alternative delivery options. Planning, Transport, Regeneration Overview and Scrutiny Committee Members will be updated when options have been considered.'
- 6.12.18. As has been previously reported to the Board, Swan Housing has now been acquired as a subsidiary of Sanctuary Housing Association. Following the completion of the acquisition process, Sanctuary are currently undertaking due diligence in relation to all information and schemes inherited from Swan Housing. A review of the Purfleet Centre project forms part of this due diligence and the outcome of Sanctuary's review will need to be considered by Thurrock Council in determining their next steps in relation to realisation of the forecast project benefits.
- 6.12.19. Progress towards realising the forecast project benefits will be closely monitored and the Board will receive regular updates. If the options analysis results in a reduction in forecast project benefits, this will need to be considered through the agreed Change Request process as this will have an impact on the Value for Money offered by the project.
- 6.12.20. A13 Widening (total LGF allocation £81.5m) - the Board have received regular updates on the delivery of the A13 Widening project since November 2019. As has been reported at recent meetings, the project is now nearing completion and the road has been fully opened to traffic.
- 6.12.21. The latest update on the project confirms that works to complete the commissioning of the street lighting have been completed, and this

has allowed the reduced speed limit to be removed. The remaining landscaping has also been completed, with the remaining construction works (reviewing and closing out defects) due to be completed shortly. In addition, negotiations with the contractor on the value of the remaining Compensation Events is continuing and it is anticipated that it will be possible to present a final total project cost at the September Board meeting. The implications for the Value for Money offered by the project will also be considered at the September Board meeting.

- 6.13. It should be noted that the letter detailing the outcome of SELEP's Annual Performance Review with Government expressed concern regarding the ongoing High risk LGF projects and the apparent lack of progress towards delivery. This feedback was, in part, due to the approach taken to reporting on LGF spend to Government but it is considered important that outstanding issues associated with High risk projects are addressed prior to March 2024, wherever possible, whilst established robust monitoring processes remain in place.

7. Local Growth Fund project delivery beyond September 2021

- 7.1. In April 2020, the Strategic Board agreed to extend the delivery of the Growth Deal period by six months to 30 September 2021. Any further extensions beyond this date must be considered by both the Strategic Board and Accountability Board on a case-by-case basis.
- 7.2. Based on the latest LGF reporting provided by local partners, 30 projects are currently forecasting LGF spend beyond 30 September 2021 totalling £76.77m, as set out in Appendix C. This includes the three Kent County Council projects identified at the September 2022 Board meeting where full LGF spend was achieved prior to 30 September 2021 but could not be reported due to a delay in processing internal Kent County Council charges.
- 7.3. 27 of these projects have been considered and approved for spend beyond 30 September 2021 by both the Board and Strategic Board. The three Kent County Council projects have not sought approval for spend of the LGF funding beyond 30 September 2021 as the forecast of spend in 2022/23 is a reflection of a delay in completing required accounting processes, rather than a delay in spending the funding.
- 7.4. If any of the approved projects report a project completion date which is delayed by more than 6 months, a further decision will be required from the Board to grant this extension. This requirement is in line with the change management process set out in the Assurance Framework and Service Level Agreements between SELEP Ltd, Essex County Council, as Accountable Body, and the local authorities.

8. Projects remaining on LGF pipeline

- 8.1. As set out in Section 4 of this report, the first 10 projects identified on the LGF pipeline have now received their additional LGF funding following approval by the Board in February and March 2021. Subsequently, the next two projects on the pipeline – the Kent and Medway EDGE Hub and the Mercury Rising projects – received the additional funding requested following the cancellation of the Basildon Innovation Warehouse project and the reduction in LGF allocation to the A26 Tunbridge Wells Cycle and Junction Improvements Package. In addition, the Southend Airport Business Park project has received a small proportion of the additional LGF funding requested.
- 8.2. For the remaining projects on the pipeline (listed in appendix B), additional LGF can only be awarded if further LGF funding becomes available through the cancellation of existing projects within the LGF programme.
- 8.3. It should be noted that clearly none of the projects remaining on the LGF pipeline will be able to spend any additional LGF funding awarded prior to the end of September 2021 and therefore the Board will be asked to consider whether the projects meet the conditions for LGF spend beyond September 2021 before awarding any available funding to support project delivery.
- 8.4. In advance of additional funding becoming available it is expected that these projects will proceed, as per the agreed scope in the project business cases, and that any increases in project cost will be met by local partners, as per the conditions of the grant.
- 8.5. No concerns have been raised regarding the deliverability of the projects remaining on the pipeline, as local partners or the relevant third-party delivery partners plan to meet the increase in project costs if required. These projects will remain under review and any significant risks to project delivery will be brought to the Board's attention.

9. LGF Programme Risks

- 9.1. In addition to project specific risks, Appendix F sets out the overall programme risks. A key risk which has been identified across the majority of the ongoing projects is the scale of the cost increases experienced and the extended delivery programmes required as a combined result of the COVID-19 and Brexit impacts on the labour and materials supply chain and the current high inflation levels. For projects which are still in the process of procuring a contractor, or which are required to re-tender due to delays in progressing the planned works, contractors are returning significantly higher costs than originally anticipated – resulting in either the need for additional funding to be secured or for value engineering to be undertaken. Cost increases are also impacting on projects which are already in delivery, with contractor claims for additional costs being received. There are limited mitigation measures available but purchasing of all materials at the outset of the construction programme has been identified as a mechanism for mitigating the risk of further cost increases as the project progresses onsite.

Local Growth Fund Capital Programme Update

- 9.2. The other main risks include the impact of the COVID-19 pandemic on the delivery (and pace of delivery) of project outcomes, which could impact the overall value for money achieved through the delivery of the programme. To assess this risk, SELEP is working with local partners to understand the potential impact of COVID-19 on the expected benefits to be realised through the LGF investment and to understand the impact on project costs which could also adversely affect the value for money offered. If required, revised forecast outcomes from the LGF programme will be brought forward for Board consideration.
- 9.3. Alongside the risk of not realising the expected project outcomes, there is a risk that the benefits will be realised but not measured or reported to SELEP and the Board. There are a large number of post scheme evaluation reports outstanding, mainly due to resourcing issues experienced by local partners, which mean it is not possible to give the Board and Central Government an accurate indication as to what has been achieved as a result of the LGF investment. It should, however, be noted that at least two Local Partner Authorities have now committed additional resource to bring the outstanding Monitoring and Evaluation reporting up to date.
- 9.4. A commitment to provide the resources needed to complete the required post scheme completion monitoring and evaluation reports is set out in each Business Case considered by the Board. A list of the outstanding post scheme evaluation reports is provided at Appendix G. Appendix G also includes those post scheme evaluation reports which are due for submission by the end of the 2023/24 financial year.
- 9.5. In early 2023/24, Essex County Council conducted an internal audit which sought to assess the robustness of SELEP's governance over decision making, project delivery and financial/risk management processes. This audit, whilst mostly satisfactory, did identify a required action in relation to the post scheme completion Monitoring and Evaluation reports. The audit identified the important role that these reports play in allowing the Accountability Board to effectively monitor project implementation and delivery. In addition, the reports provide assurance that the projects have delivered in accordance with their agreed Business Cases. The audit report places a responsibility on the SELEP Capital Programme Manager to put in place a process to help ensure that priority is given to outstanding Monitoring and Evaluation reports, and to ensure that these reports are presented to the Board. To this end, it is intended that at future meetings greater focus will be placed on updating the Board on project benefits which have been realised and a more comprehensive update on all outstanding Monitoring and Evaluation reports and the actions being taken to secure submission of these reports will be provided.
- 9.6. There is also a risk that now the LGF funding has been fully defrayed to local partners that completion of the required quarterly reporting will not be prioritised, despite it being a requirement of the Service Level Agreement, which is likely to result in the reporting either not being submitted to SELEP or being submitted late. If the reporting is not provided in a timely manner, there

will be insufficient time for the contents to be fully reviewed and to allow challenge where required to ensure that the Board are provided with a complete and robust update on delivery of the LGF programme. Late provision of reporting will also impact on the ability of SELEP to effectively report to Government on the benefits that have been realised as a result of the LGF investment.

10. Financial Implications (Accountable Body comments)

- 10.1. All funding allocations which are agreed by the Board are dependent on the Accountable Body receiving sufficient funding from HM Government. The only outstanding LGF funding expected to be received from HM Government is in respect of the funding for the A127 Fairglens junction improvements project, which remains subject to final approval from the Secretary of State for Transport.
- 10.2. The Accountable Body held a £0 balance of LGF as at the end of 2021/22 as the remaining balance of LGF for each project was transferred to each Local Authority under the terms of the Service Level Agreement (SLA) that is in place with each Partner Authority.
- 10.3. As the remaining balance of LGF for each project has been transferred in advance to the Local Authorities, there is a requirement for the Board to continue to effectively monitor the progress of the LGF projects in order to provide assurance of delivery in line with the agreed business cases. The SLAs in place set out the Grant responsibilities for the Partner Authorities, which include providing regular reports to the Accountable Body and the SELEP Secretariat in the timescales and format specified by the SELEP Secretariat, to enable quarterly reporting to the Accountability Board and Government.
- 10.4. Updates on Projects should include ongoing monitoring of possible risks which may impact delivery of LGF projects along with proposed mitigations; this is essential due to the current uncertain economic climate and high inflation, together with ongoing impacts experienced following the Covid-19 pandemic and Brexit.
- 10.5. Reporting is also required to include the monitoring and evaluation reports post completion of the respective Projects; these reports should provide assurance to the Board that the anticipated outputs and outcomes set out in the business cases are being delivered; or, provide an update where there are risks to realisation of the outputs and outcomes. This requirement is included in the SLAs in place with each Partner Authority.
- 10.6. Essex County Council, as the Accountable Body, is responsible for ensuring that the LGF funding is utilised in accordance with the conditions set out by Government for use of the Grant. This is managed through the SLAs which set out the conditions for use of the grant.

- 10.7. Should the funding not be utilised in accordance with the conditions of the SLAs, Partners may be required by the Board to return the funding to the Accountable Body. This may include instances where LGF projects are unable to complete and abortive costs are incurred, as in this example, the costs may no longer meet the condition for the funding to be used only for Capital expenditure purposes.
- 10.8. It is noted that a number of Projects that have experienced extended delays are now facing challenges to funding due to cost increases since the original business cases were completed. Under the terms of the SLAs with Partner Authorities, this risk of cost increases is the responsibility of Partners to mitigate and in some circumstances may require a change request or updated business case to be presented to the Board.

11. Legal Implications (Accountable Body comments)

- 11.1. The grant funding will be administered in accordance with the terms of the Grant Determination Letter between the Accountable Body and Central Government and required to be used in accordance with the terms of the Service Level Agreements between the Accountable Body and the Partner Authorities.
- 11.2. It is a requirement that the Partner Authorities mirror the terms of the SLA within its funding agreements with the delivery partners.
- 11.3. Where there are delays to a project end date of more than six months, under the terms of the SLA, Accountability Board approval is required. If a project fails to proceed, in line with the conditions of the SLA or grant conditions from Central Government, or the change is not approved by Accountability Board, the Accountable Body may clawback the funding for reallocation by SELEP Ltd.

12. Equality and Diversity implication

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

Local Growth Fund Capital Programme Update

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

13. List of Appendices

13.1. Appendix A – LGF spend forecast update

13.2. Appendix B – LGF prioritised project pipeline

13.3. Appendix C – Projects spending LGF beyond 30 September 2021

13.4. Appendix D – Project deliverability and risk update

13.5. Appendix E – High Risk Projects

13.6. Appendix F – LGF Programme Risks

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

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

Role	Date
Accountable Body sign off	
Michael Neumann (On behalf of Nicole Wood, S151 Officer, Essex County Council)	07/06/2023

Appendix A LGF spend forecast update

SELEP number	Project Name	Promoter	Spend to 2021/22	2022/23 Q1	2022/23 Q2	2022/23 Q3	2022/23 Q4	2022/23 Total	2023/24 Forecast	2024/25 and beyond	All Years
East Sussex											
LGF00002	Newhaven Flood Defences	East Sussex	1.500								1.500
LGF00023	Hailsham/Polegate/Eastbourne Movement and Access Transport scheme	East Sussex	1.615	0.021	0.022	0.151	0.291	0.485			2.100
LGF00024	Eastbourne and South Wealden Walking and Cycling LSTF package	East Sussex	4.610	0.071	0.001	0.054	0.161	0.287	1.704		6.600
LGF00036	Queensway Gateway Road	East Sussex	10.000								10.000
LGF00066	Swallow Business Park, Hailsham (A22/A27 Growth Corridor)	East Sussex	1.400								1.400
LGF00067	Sovereign Harbour (aka Site Infrastructure Investment)	East Sussex	1.700								1.700
LGF00085	North Bexhill Access Road and Bexhill Enterprise Park	East Sussex	18.600								18.600
LGF00042	Hastings and Bexhill Movement and Access Package	East Sussex	4.428	0.092	0.175	0.111	0.719	1.096	1.000	2.476	9.000
LGF00043	Hastings and Bexhill LSTF walking and cycling package (combined with above scheme)	East Sussex									
LGF00044	Eastbourne town centre LSTF access & improvement package	East Sussex	5.817	0.014	0.024	0.014	0.612	0.664	1.519		8.000
LGF00073	A22/A27 junction improvement package	East Sussex									
LGF00068	Coastal Communities Housing Intervention Hastings	East Sussex	0.667								0.667
LGF00097	East Sussex Strategic Growth Project	East Sussex	8.200								8.200
LGF00099	Devonshire Park	East Sussex	5.000								5.000
LGF00108	Bexhill Enterprise Park North	East Sussex	1.940								1.940
LGF00109	Skills for Rural Businesses Post-Brexit	East Sussex	3.498	0.915				0.915			4.413
LGF00110	Churchfields Business Centre (previously known as Sidney Little Road Business Incubator Hub)	East Sussex	0.500								0.500
LGF00116	Bexhill Creative Workspace	East Sussex	0.960								0.960
LGF00117	Exceat Bridge Replacement	East Sussex									
LGF00124	Eastbourne Fisherman	East Sussex	1.440								1.440
Essex											
LGF00004	Colchester Broadband Infrastructure	Essex	0.200								0.200
LGF00025	Colchester LSTF	Essex	2.400								2.400
LGF00026	Colchester Integrated Transport Package	Essex	5.000								5.000
LGF00027	Colchester Town Centre	Essex	4.600								4.600
LGF00028	TGSE LSTF - Essex	Essex	3.000								3.000
LGF00031	A414 Pinch Point Package: A414 First Avenue & Cambridge Rd junction	Essex	10.487								10.487
LGF00032	A414 Maldon to Chelmsford RBS	Essex	2.000								2.000
LGF00033	Chelmsford Station / Station Square / Mill Yard	Essex	3.000								3.000
LGF00034	Basildon Integrated Transport Package	Essex	6.586								6.586
LGF00037	Colchester Park and Ride and Bus Priority measures	Essex	5.800								5.800
LGF00048	A131 Chelmsford to Braintree	Essex	3.660								3.660
LGF00049	A414 Harlow to Chelmsford (removed from programme)	Essex									
LGF00050	A133 Colchester to Clacton	Essex	2.740								2.740
LGF00051	A131 Braintree to Sudbury (removed from programme)	Essex									
LGF00063	Chelmsford City Growth Area Scheme	Essex	10.000								10.000
LGF00064	Chelmsford Flood Alleviation Scheme (removed from programme)	Essex									
LGF00070	Beaulieu Park Railway Station	Essex								12.000	12.000
LGF00068	Coastal Communities Housing Intervention (Jaywick)	Essex	0.667								0.667
LGF00095	Gilden Way Upgrading, Harlow	Essex	5.000								5.000
LGF00098	Technical and Professional Skills Centre at Stansted Airport	Essex	3.500								3.500
LGF00100	Innovation Centre - University of Essex Knowledge Gateway	Essex	2.000								2.000
LGF00101	STEM Innovation Centre - Colchester Institute	Essex	5.000								5.000
LGF00102	A127/A130 Fairglen Interchange new link road	Essex	6.235								6.235
LGF00103	M11 Junction 8 Improvements	Essex	2.734	1.000				1.000			3.734
LGF00105	Mercury Rising Theatre	Essex	1.228								1.228
LGF00111	Basildon Digital Technologies Campus	Essex	2.150								2.150
LGF00112	Colchester Institute training centre (Groundworks and scaffolding)	Essex	0.050								0.050

Appendix A LGF spend forecast update

SELEP number	Project Name	Promoter	Spend to 2021/22	2022/23 Q1	2022/23 Q2	2022/23 Q3	2022/23 Q4	2022/23 Total	2023/24 Forecast	2024/25 and beyond	All Years
LGF00113	USP College Centre of Excellence for Digital Technologies and Immersive Learning , Benfleet	Essex	0.900								0.900
LGF00114	Flightpath Phase 2	Essex	1.982								1.982
LGF00118	Basildon Innovation Warehouse (removed from programme)	Essex									
LGF00119	University of Essex Parkside (Phase 3)	Essex	0.499	0.190		2.583	1.728	4.501			5.000
LGF00125	New Construction Centre, Chelmsford	Essex	1.295								1.295
LGF00127	Colchester Grow on Space	Essex	0.417			0.144	0.141	0.285	3.000	0.075	3.777
Kent											
LGF00003	I3 Innovation Investment Loan Scheme	Kent	5.644						0.356		6.000
LGF00006	Tonbridge Town Centre Regeneration	Kent	2.631								2.631
LGF00007	Sittingbourne Town Centre Regeneration	Kent	2.500								2.500
LGF00008	M20 Junction 4 Eastern Overbridge	Kent	2.200								2.200
LGF00009	Tunbridge Wells Jct Improvement Package (formerly - A26 London Rd/ Speldhurst Rd/ Yew Tree Rd, Tun Wells)	Kent	1.177								1.177
LGF00010	Kent Thameside LSTF	Kent	4.500								4.500
LGF00011	Maidstone Gyrotory Bypass	Kent	4.600								4.600
LGF00012	Kent Strategic Congestion Management Programme	Kent	4.800								4.800
LGF00013	Middle Deal transport improvements	Kent	0.800								0.800
LGF00014	Kent Rights of Way improvement plan	Kent	1.000								1.000
LGF00015	Kent Sustainable Interventions Programme	Kent	2.728								2.728
LGF00016	West Kent LSTF	Kent	4.900								4.900
LGF00017	Folkestone Seafront : onsite infrastructure and engineering works	Kent	0.541								0.541
LGF00038	A28 Chart Road - on hold	Kent	2.756								2.756
LGF00039	Maidstone Integrated Transport	Kent	5.494	0.040	0.086	0.441	0.512	1.080	1.754	0.573	8.900
LGF00040	A28 Sturry Link Road	Kent	1.228	0.017	0.023	0.076	0.102	0.218	1.609	2.845	5.900
LGF00053	Rathmore Road	Kent	4.200								4.200
LGF00054	A28 Sturry Rd Integrated Transport Package (removed from programme)	Kent									
LGF00055	Maidstone Sustainable Access to Employment	Kent	2.000								2.000
LGF00059	Ashford Spurs	Kent	7.885				0.002	0.002			7.887
LGF00041	Thanet Parkway	Kent	14.000								14.000
LGF00058	Dover Western Dock Revival	Kent	5.000								5.000
LGF00060	Westenhanger Lorry Park (removed from Programme)	Kent									
LGF00062	Folkestone Seafront (non-transport)	Kent	5.000								5.000
LGF00072	A226 London Road/B255 St Clements Way	Kent	4.200								4.200
LGF00068	Coastal Communities Housing Intervention (Thanet)	Kent	0.667								0.667
LGF00086	Dartford Town Centre Transformation	Kent	4.300								4.300
LGF00088	Fort Halsted (removed from programme)	Kent									
LGF00092	A2500 Lower Road	Kent	1.265								1.265
LGF00093	Kent and Medway Engineering and Design Growth and Enterprise Hub	Kent	6.978		0.043	0.323	0.000	0.366			7.344
LGF00096	A2 off-slip at Wincheap, Canterbury (removed from programme)	Kent									
LGF00094	Leigh Flood Storage Area	Kent	2.299			0.051		0.051			2.349
LGF00106	Sandwich Rail Infrastructure	Kent	1.913								1.913
LGF00120	M2 J5 improvements	Kent	1.600								1.600
LGF00121	Kent and Medway Medical School	Kent	9.000								9.000
LGF00126	East Malling Advanced Technology Horticultural Zone	Kent	1.998		0.001			0.001			1.999
Medway											
LGF00018	A289 Four Elms Roundabout to Medway Tunnel Journey time and Network Improvements	Medway	1.821								1.821
LGF00019	Strood Town Centre Journey Time and Accessibility Enhancements	Medway	8.600								8.600
LGF00020	Chatham Town Centre Place-making and Public Realm Package	Medway	4.200								4.200

Appendix A LGF spend forecast update

SELEP number	Project Name	Promoter	Spend to 2021/22	2022/23 Q1	2022/23 Q2	2022/23 Q3	2022/23 Q4	2022/23 Total	2023/24 Forecast	2024/25 and beyond	All Years
LGF00021	Medway Cycling Action Plan	Medway	2.500								2.500
LGF00022	Medway City Estate Connectivity Improvement Measures	Medway	2.200								2.200
LGF00061	Rochester Airport - phase 1	Medway	4.400								4.400
LGF00089	IPM (Rochester Airport - phase 2)	Medway	3.700								3.700
LGF00091	Strood Civic Centre - flood mitigation	Medway	3.500								3.500
LGF00115	IPM 2 (Rochester Airport - phase 3)	Medway	1.519								1.519
Southend											
LGF00005	Southend Growth Hub	Southend	0.720								0.720
LGF00107	Southend Forum 2	Southend									
LGF00029	TGSE LSTF - Southend	Southend	1.000								1.000
LGF00045	Southend Central Area Action Plan (SCAAP) - Transport Package	Southend	7.000								7.000
LGF00057	London Southend Airport Business Park Phase 1 and 2 (including Southend and Rochford Joint Area Action Plan)	Southend	23.163		0.207			0.207			23.370
LGF00115	Southend Town Centre	Southend	0.336	0.347	0.749	0.193		1.289			1.625
Thurrock											
LGF00030	TGSE LSTF - Thurrock	Thurrock	1.000								1.000
LGF00046	Thurrock Cycle Network	Thurrock	5.000								5.000
LGF00047	London Gateway/Stanford le Hope	Thurrock	7.500								7.500
LGF00052	A13 Widening - development	Thurrock	5.000								5.000
LGF00056	Purfleet Centre	Thurrock	5.000								5.000
LGF00104	Grays South	Thurrock	5.142							5.699	10.840
LGF00123	Tilbury Riverside (removed from programme)	Thurrock									
	A13 widening - additional funding	Thurrock	1.500								1.500
Managed Centrally											
LGF00001	Skills		21.975								21.975
LGF00071	M20 Junction 10a		19.700								19.700
Sub-total			421.279	2.707	1.332	4.140	4.268	12.447	10.941	23.668	468.335

DfT retained schemes

LGF00079	A127 Fairglen Junction Improvements	Essex	1.500							13.500	15.000
LGF00080	A127 Capacity Enhancements Road Safety and Network Resilience (ECC)	Essex	4.000								4.000
LGF00081	A127 Kent Elms Corner	Southend	4.300								4.300
LGF00082	A127 The Bell	Southend	3.976	-0.092	0.109	0.013	0.207	0.238	0.086		4.300
LGF00083	A127 Essential Bridge and Highway Maintenance - Southend	Southend	8.000								8.000
LGF00084	A13 Widening	Thurrock	75.000								75.000
Sub-total retained schemes			96.776	-0.092	0.109	0.013	0.207	0.238	0.086	13.500	110.600

Appendix B – LGF pipeline, as at 16 June 2023

Project Name	Current LGF Allocation (£m)	Additional LGF Requested (£m)
Southend Airport Business Park Part A	23.370	0.320
Southend Airport Business Park Part B		0.500
Southend Airport Business Park Part C		0.500
University of Essex - Parkside Phase 3	5.000	1.650
A13 Widening Part B	81.500	1.000
Dartford Town Centre Improvements**	4.300	1.000
Total	114.170	4.970

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

Appendix C - Projects spending LGF beyond 30 September 2021

SELEP number	Project Name	Promoter	LGF allocation (£m)	LGF spend beyond 30 September 2021 (£m)	% LGF spend beyond 30 September 2021	Expected project completion date
LGF00023	Hailsham/Polegate/Eastbourne Movement and Access Transport scheme	East Sussex	2.1000	0.5165	24.6%	Mar-25
LGF00024	Eastbourne and South Wealden Walking and Cycling LSTF package	East Sussex	6.6000	2.2823	34.6%	Dec-24
LGF00042	Hastings and Bexhill Movement and Access Package	East Sussex	9.0000	5.0699	56.3%	Sep-25
LGF00044	Eastbourne town centre LSTF access & improvement package	East Sussex	8.0000	2.2600	28.2%	May-24
LGF00108	Bexhill Enterprise Park North	East Sussex	1.9400	1.1163	57.5%	TBC
LGF00109	Skills for Rural Businesses Post-Brexit	East Sussex	4.4130	2.7822	63.0%	Mar-23
LGF00116	Bexhill Creative Workspace	East Sussex	0.9600	0.1301	13.6%	Apr-22
LGF00124	Eastbourne Fisherman Quayside and Infrastructure Development	East Sussex	1.4400	0.9245	64.2%	Mar-22
LGF00070	Beaulieu Park Railway Station	Essex	12.0000	12.0000	100.0%	Jun-25
LGF00103	M11 Junction 8 Improvements	Essex	3.7339	1.1113	29.8%	Sep-24
LGF00105	Mercury Rising	Essex	1.2280	0.2280	18.6%	Mar-22
LGF00119	University of Essex Parkside (Phase 3)	Essex	5.0000	5.0000	100.0%	Sep-23
LGF00125	New Construction Centre, Chelmsford College	Essex	1.2952	1.1601	89.6%	Mar-23
LGF00127	Colchester Grow on Space	Essex	3.7775	3.5721	94.6%	Jun-25
LGF00003	i3 Innovation Investment Loan Scheme (Kent & Medway Growth Hub)	Kent	6.0000	0.3565	5.9%	Sep-23
LGF00039	Maidstone Integrated Transport Package	Kent	8.9000	3.9897	44.8%	Jun-24
LGF00040	A28 Sturry Link Road	Kent	5.9000	4.7049	79.7%	Dec-26
LGF00041	Thanet Parkway	Kent	14.0000	14.0000	100.0%	Jul-23
LGF00059	Ashford Spurs (project complete but internal KCC charges remain outstanding)	Kent	7.8868	0.0017	0.0%	Apr-20
LGF00093	Kent and Medway EDGE Hub	Kent	7.3440	0.5980	8.1%	Dec-22
LGF00094	Leigh Flood Storage Area (internal KCC charges remain outstanding)	Kent	2.3490	0.0505	2.1%	Mar-26
LGF00126	East Malling Advanced Technology Horticultural Zone (project complete but internal KCC charges remain outstanding)	Kent	1.9986	0.0006	0.0%	May-22
LGF00019	Strood Town Centre Journey Time and Accessibility Enhancements	Medway	8.6000	0.2440	2.8%	Mar-22
LGF00022	Medway City Estate Connectivity Improvement Measures	Medway	2.2000	1.3576	61.7%	Apr-22
LGF00089	IPM (Rochester Airport - Phase 2)	Medway	3.7000	2.1906	59.2%	Jun-23
LGF00115	IPM2 (Rochester Airport - Phase 3)	Medway	1.5185	0.9165	60.4%	Jun-23
LGF00045	Southend Central Area Action Plan (SCAAP)	Southend	7.0000	1.5112	21.6%	Jun-22
LGF00057	London Southend Airport Business Park	Southend	23.3695	1.1621	5.0%	Jul-23
LGF00115	Southend Town Centre	Southend	1.6250	1.4264	87.8%	Jan-24
LGF00104	Grays South	Thurrock	10.8403	6.1093	56.4%	TBC

Appendix D - Local Growth Fund Delivery and Risk

Project	Deliverability									Financial			Reputational risk RAG	Overall RAG rating	
	Accountability Board approval	Delivery Status	Spend status of LGF funding award	Expected completion date (as stated in Business Case)	Expected completion date (Mar-23)	Expected completion date (May 2023)	Months delay incurred (since original Business Case)	Months delay incurred (since last update)	Deliverability RAG rating	LGF allocation (£)	Actual LGF spend to end of 2022/23 (£)	Forecast LGF spend from 2023/24 onwards			Financials RAG rating
East Sussex															
Newhaven Flood Defences	Jun-15	LGF project delivered	Complete	Feb-20	Mar-22	Mar-22	26		1	1,500,000	1,500,000		1	1	1
Hailsham, Polegate and Eastbourne Movement and Access Transport scheme	Feb-17	Design in progress	Complete	Mar-20	Mar-25	Mar-25	60		5	2,100,000	2,100,000		2	2	3
Eastbourne and South Wealden Walking and Cycling LSTF package	Nov-15 and Feb-19	Construction in progress	Ongoing	Mar-21	Dec-24	Dec-24	46		5	6,600,000	4,896,232	1,703,768	5	2	4
Queensway Gateway Road	Mar-15	Construction in progress	Complete	Mar-16	TBC	TBC			5	10,000,000	10,000,000		5	5	5
Swallow Business Park, Hailsham	Feb-16	LGF project delivered	Complete	Mar-17	Mar-17	Mar-17			4	1,400,000	1,400,000		1	2	2
Sovereign Harbour	Feb-16	LGF project delivered	Complete	Mar-17	Mar-17	Mar-17			3	1,700,000	1,700,000		1	2	2
North Bexhill Access Road and Bexhill Enterprise Park	Nov-15	Construction in progress	Complete	Mar-18	TBC	TBC			5	18,600,000	18,600,000		5	2	4
Hastings and Bexhill Movement and Access Package	Feb-18	Construction in progress	Ongoing	Mar-21	Sep-25	Sep-25	55		5	9,000,000	5,524,458	3,475,542	5	4	5
Eastbourne Town Centre LSTF access and improvement package	Apr-16 and Feb-19	Construction in progress	Ongoing	Mar-21	May-24	May-24	39		5	8,000,000	6,481,329	1,518,671	4	3	4
Coastal Communities Housing Intervention Hastings	Feb-17	LGF project delivered	Complete	Apr-20	Mar-20	Mar-20			4	666,667	666,667		2	2	3
East Sussex Strategic Growth Project	Jan-17	Project in progress	Complete	Mar-21	TBC	TBC			5	8,200,000	8,200,000		4	4	4
Devonshire Park	Mar-17	LGF project delivered	Complete	Mar-20	Nov-19	Nov-19			3	5,000,000	5,000,000		1	2	2
Bexhill Enterprise Park North	Jun-19	Project in progress	Complete	Mar-20	TBC	TBC			5	1,940,000	1,940,000		4	4	4
Skills for Rural Businesses Post-Brexit (Plumpton College)	Jun-19 and Feb-21	LGF project delivered	Complete	Mar-21	Mar-23	Mar-23	24		1	4,413,000	4,413,000		2	1	1
Churchfields Business Centre (previously known as Sidney Little Road Business Incubator Hub)	Jun-19	LGF project delivered	Complete	Mar-21	Mar-23	Mar-23	24		1	500,000	500,000		2	1	1
Bexhill Creative Workspace	Sep-19	LGF project delivered	Complete	May-20	Apr-22	Apr-22	23		3	960,000	960,000		1	1	2
Eastbourne Fisherman's Quayside and Infrastructure Development project	Jul-20 and Feb-21	LGF project delivered	Complete	Jul-21	Mar-22	Mar-22	8		4	1,440,000	1,440,000		2	2	3
Essex															
Colchester Broadband Infrastructure	Mar-15	LGF project delivered	Complete	Mar-16	Mar-16	Mar-16			3	200,000	200,000		1	2	2
Colchester LSTF	Mar-15	LGF project delivered	Complete	Mar-16	Dec-16	Dec-16	9		1	2,400,000	2,400,000		1	1	1
Colchester Integrated Transport Package	Mar-15	LGF project delivered	Complete	Mar-21	Mar-21	Mar-21			3	5,000,000	5,000,000		1	2	2
Colchester Town Centre	Mar-15	LGF project delivered	Complete	Mar-16	Jan-18	Jan-18	22		1	4,600,000	4,600,000		1	1	1
TGSE LSTF - Essex	Mar-15	LGF project delivered	Complete	Aug-16	Mar-17	Mar-17	7		3	3,000,000	3,000,000		1	1	2
A414 Pinch Point Package	Jun-15	LGF project delivered	Complete	Mar-17	Mar-19	Mar-19	24		2	10,487,000	10,487,000		1	1	1
A414 Maldon to Chelmsford RBS	Jun-15	LGF project delivered	Complete	Mar-17	Dec-16	Dec-16			1	2,000,000	2,000,000		1	1	1
Chelmsford Station/Station Square/Mill Yard	Jun-15	LGF project delivered	Complete	Dec-17	May-19	May-19	17		1	3,000,000	3,000,000		1	1	1
Basildon Integrated Transport Package	Mar-15, May-17 and Feb-19	LGF project delivered	Complete	Mar-21	May-21	May-21	2		3	6,586,000	6,586,000		1	2	2
Colchester Park and Ride and Bus Priority measures	Mar-15	LGF project delivered	Complete	Apr-15	Apr-15	Apr-15			1	5,800,000	5,800,000		1	1	1
A127 Fairglens junction improvements	Pending	Approval pending	Ongoing	Sep-22	TBC	TBC			5	15,000,000	1,500,000	13,500,000	5	4	5
A127 capacity enhancements	Jun-15	LGF project delivered	Complete	Dec-20	Nov-18	Nov-18			2	4,000,000	4,000,000		1	1	1
A131 Chelmsford to Braintree	Feb-17	LGF project delivered	Complete	Mar-20	Apr-20	Apr-20	1		1	3,660,000	3,660,000		1	1	1
A133 Colchester to Clacton	Nov-17	LGF project delivered	Complete	Mar-20	Jun-20	Jun-20	3		4	2,740,000	2,740,000		1	1	2
Chelmsford City Growth Area Scheme	Dec-17	LGF project delivered	Complete	Mar-21	Sep-21	Sep-21	6		3	10,000,000	10,000,000		1	1	2
Beaulieu Park Railway Station	Feb-19	Construction in progress	Ongoing	Mar-24	Jun-25	Jun-25	15		5	12,000,000		12,000,000	5	4	5

Appendix D - Local Growth Fund Delivery and Risk

Project	Deliverability									Financial			Reputational risk RAG	Overall RAG rating	
	Accountability Board approval	Delivery Status	Spend status of LGF funding award	Expected completion date (as stated in Business Case)	Expected completion date (Mar-23)	Expected completion date (May 2023)	Months delay incurred (since original Business Case)	Months delay incurred (since last update)	Deliverability RAG rating	LGF allocation (£)	Actual LGF spend to end of 2022/23 (£)	Forecast LGF spend from 2023/24 onwards			Financials RAG rating
Coastal Communities Housing Intervention Jaywick	Feb-17	LGF project delivered	Complete	Jun-19	Jun-19	Jun-19			4	666,667	666,667		1	2	2
Gilden Way upgrading	Dec-17	LGF project delivered	Complete	Mar-21	Sep-21	Sep-21	6		3	5,000,000	5,000,000		1	1	2
Technical and Professional Skills Centre at Stansted Airport	May-17	LGF project delivered	Complete	Sep-18	Sep-18	Sep-18			4	3,500,000	3,500,000		1	2	2
Innovation Centre - University of Essex Knowledge Gateway	Sep-17	LGF project delivered	Complete	Jan-19	Apr-19	Apr-19	3		4	2,000,000	2,000,000		1	1	2
STEM Innovation Centre - Colchester Institute	Dec-17	LGF project delivered	Complete	Jan-19	Apr-20	Apr-20	15		4	5,000,000	5,000,000		1	2	2
A127/A130 Fairglen Interchange new link road	Feb-19	Design in progress	Complete	Apr-22	TBC	TBC			5	6,235,000	6,235,000		3	5	4
M11 junction 8 improvements	Nov-17 and Mar-21	Construction in progress	Complete	Mar-21	Jun-24	Sep-24	43	3	5	3,733,896	3,733,896		2	3	3
Mercury Rising Theatre	Nov-17 and Sep-21	LGF project delivered	Complete	Mar-20	Mar-22	Mar-22	24		3	1,228,000	1,228,000		1	1	2
Basildon Digital Technologies Campus	Jun-19	LGF project delivered	Complete	Sep-20	Sep-21	Sep-21	12		3	2,150,000	2,150,000		1	1	2
Colchester Institute training centre (Groundworks and scaffolding)	Jun-19	LGF project delivered	Complete	Jan-20	Mar-21	Mar-21	14		4	50,000	50,000		1	2	2
USP College Centre of Excellence for Digital Technologies and Immersive Learning , Benfleet	Jun-19	LGF project delivered	Complete	Sep-20	Sep-21	Sep-21	12		3	900,000	900,000		1	1	2
Flightpath Phase 2	Jun-19 and Feb-21	LGF project delivered	Complete	Sep-20	Sep-21	Sep-21	11		3	1,981,500	1,981,500		1	1	2
University of Essex Parkside (Phase 3)	Feb-20	Construction in progress	Complete	Mar-21	May-23	Sep-23	29	3	5	5,000,000	5,000,000		3	2	3
New Construction Centre, Chelmsford College	Jul-20	LGF project delivered	Complete	Sep-21	Mar-23	Mar-23	18		1	1,295,200	1,295,200		1	1	1
Colchester Grow on Space, Queen Street	Feb-21	Construction in progress	Ongoing	Jul-22	Jun-25	Jun-25	35		5	3,777,451	702,040	3,075,411	5	2	4
Kent															
I3 Innovation Project (formerly referred to as the Kent and Medway Growth Hub)	Nov-15	Project ongoing	Ongoing	Mar-21	Mar-23	Sep-23	30	6	5	6,000,000	5,643,546	356,454	3	2	3
Tonbridge Town Centre Regeneration	Mar-15	LGF project delivered	Complete	Mar-17	Apr-17	Apr-17	1		3	2,631,269	2,631,269		1	2	2
Sittingbourne Town Centre Regeneration	Nov-15	LGF project delivered	Complete	Sep-16	Mar-21	Mar-21	55		4	2,500,000	2,500,000		4	3	4
M20 junction 4 Eastern Overbridge	Mar-15	LGF project delivered	Complete	Feb-17	Feb-17	Feb-17			3	2,200,000	2,200,000		1	2	2
Tunbridge Wells junction improvement package	Jun-15 and Sep-17	Project ongoing	Complete	Sep-19	TBC	TBC			5	1,176,611	1,176,611		4	2	4
Kent Thameside LSTF	Mar-15	LGF project delivered	Complete	Mar-21	Sep-22	Sep-22	17		2	4,500,000	4,500,000		1	1	1
Maidstone Gyratory Bypass	Mar-15	LGF project delivered	Complete	Feb-17	Dec-16	Dec-16			3	4,600,000	4,600,000		1	2	2
Kent Strategic Congestion Management programme	Mar-15, Apr-16, Feb-17 and Feb-18, and Feb-21	LGF project delivered	Complete	Mar-21	May-22	May-22	13		3	4,800,000	4,800,000		3	1	2
Middle Deal transport improvements	Feb-16	LGF project delivered	Complete	Dec-16	Sep-21	Sep-21	58		3	800,000	800,000		3	1	2
Kent Rights of Way improvement plan	Mar-15	LGF project delivered	Complete	Mar-21	Mar-23	Mar-23	23		1	1,000,000	1,000,000		3	1	2
Kent Sustainable Interventions Programme	Mar-15, Apr-16, Feb-17 and Feb-18	LGF project delivered	Complete	Mar-21	Mar-21	Mar-21			4	2,727,586	2,727,586		3	2	3
West Kent LSTF	Apr-16	LGF project delivered	Complete	Mar-21	Sep-21	Sep-21	5		3	4,900,000	4,900,000		2	1	2

Appendix D - Local Growth Fund Delivery and Risk

Project	Deliverability									Financial			Reputational risk RAG	Overall RAG rating	
	Accountability Board approval	Delivery Status	Spend status of LGF funding award	Expected completion date (as stated in Business Case)	Expected completion date (Mar-23)	Expected completion date (May 2023)	Months delay incurred (since original Business Case)	Months delay incurred (since last update)	Deliverability RAG rating	LGF allocation (£)	Actual LGF spend to end of 2022/23 (£)	Forecast LGF spend from 2023/24 onwards			Financials RAG rating
Folkestone Seafront: onsite infrastructure	Mar-15	LGF project delivered	Complete	Sep-15	Mar-16	Mar-16	5		4	541,145	541,145		3	2	3
A28 Chart Road	Nov-15	Project on hold	Complete	Mar-20	TBC	TBC			5	2,756,283	2,756,283		5	4	5
Maidstone Integrated Transport Package	Nov-15 and Jun-18	Design in progress	Ongoing	Feb-20	Jun-24	Jun-24	53		5	8,900,000	6,573,420	2,326,580	5	3	4
A28 Sturry Link Road	Jun-16	Design in progress	Ongoing	Oct-21	Dec-25	Dec-26	63	12	5	5,900,000	1,445,982	4,454,018	5	5	5
Rathmore Road	Nov-15	LGF project delivered	Complete	Nov-17	Feb-18	Feb-18	3		3	4,200,000	4,200,000		3	2	3
Maidstone Sustainable Access to Employment	Nov-15	LGF project delivered	Complete	Mar-16	Jun-17	Jun-17	15		4	2,000,000	2,000,000		1	2	2
Ashford Spurs	Sep-16 and May-17	LGF project delivered	Complete	Apr-18	Apr-20	Apr-20	24		2	7,886,830	7,886,830		1	2	2
Thanet Parkway	Apr-19	Construction in progress	Complete	Dec-21	May-23	Jul-23	19	2	5	14,000,000	14,000,000		3	3	4
Dover Western Docks revival	Feb-17	LGF project delivered	Complete	Feb-17	Apr-17	Apr-17	2		4	5,000,000	5,000,000		4	2	3
Folkestone Seafront (non-transport)	Feb-16	LGF project delivered	Complete	Dec-17	Mar-18	Mar-18	2		4	5,000,000	5,000,000		4	2	3
A226 London Road/B255 St Clements Way	Nov-16	LGF project delivered	Complete	Mar-20	May-19	May-19			3	4,200,000	4,200,000		2	1	2
Coastal Communities Housing Intervention (Thanet)	Feb-16	LGF project delivered	Complete	Mar-21	Mar-21	Mar-21			3	666,666	666,666		1	1	2
Dartford Town Centre Transformation	Apr-18	Construction in progress	Complete	Mar-21	Dec-24	Dec-24	45		5	4,300,000	4,300,000		3	2	3
A2500 Lower Road	Sep-17	LGF project delivered	Complete	Dec-19	Mar-19	Mar-19			4	1,264,930	1,264,930		1	2	2
Kent and Medway EDGE hub	Sep-17, Mar-21 and Sep 21	LGF project delivered	Complete	Aug-20	Dec-22	Dec-22	27		2	7,344,000	7,344,000		1	1	1
Leigh Flood Storage Area and East Peckham - unlocking growth	Sep-18	Construction in progress	Complete	Jul-23	Mar-26	Mar-26	32		5	2,349,000	2,349,000		3	2	3
Sandwich Rail Infrastructure	Nov-17	LGF project delivered	Complete	Mar-20	Feb-20	Feb-20			4	1,913,170	1,913,170		2	1	2
M2 Junction 5	Feb-20	Construction in progress	Complete	Jan-23	Dec-24	Dec-24	23		5	1,600,000	1,600,000		3	5	4
Kent and Medway Medical School	Nov-19, Jul-20 and Feb-21	LGF project delivered	Complete	Sep-20	Jun-21	Jun-21	9		3	9,000,000	9,000,000		1	2	2
East Malling Advanced Technology Horticultural Zone	Jun-20 and Feb-21	LGF project delivered	Complete	Jul-21	May-22	May-22	10		3	1,998,600	1,998,600		1	1	2
Medway															
A289 Four Elms roundabout to Medway Tunnel	Mar-15	Design in progress	Complete	Dec-20	Mar-25	Mar-25	51		5	1,821,046	1,821,046		5	5	5
Strood Town Centre	Mar-15	LGF project delivered	Complete	Jun-18	Mar-22	Mar-22	45		3	8,600,000	8,600,000		3	1	2
Chatham Town Centre	Mar-15	LGF project delivered	Complete	Jul-17	Dec-19	Dec-19	28		4	4,200,000	4,200,000		1	2	2
Medway Cycling Action Plan	Mar-15	LGF project delivered	Complete	Mar-18	Mar-19	Mar-19	11		3	2,500,000	2,500,000		2	2	2
Medway City Estate	Mar-15	LGF project delivered	Complete	Mar-21	Apr-22	Apr-22	12		3	2,200,000	2,200,000		1	1	2
Rochester Airport - phase 1	Jun-16	LGF project delivered	Complete	Mar-18	Nov-21	Nov-21	44		1	4,400,000	4,400,000		1	1	1
Innovation Park Medway (phase 2)	Feb-19	Construction in progress	Complete	Dec-20	Mar-23	Jun-23	30	3	5	3,700,000	3,700,000		3	4	4
Strood Civic Centre - flood mitigation	Feb-18	LGF project delivered	Complete	Apr-19	Jun-19	Jun-19	1		4	3,500,000	3,500,000		4	3	4
Innovation Park Medway (phase 3)	Jul-20	Construction in progress	Complete	Dec-21	Mar-23	Jun-23	18	3	5	1,518,500	1,518,500		3	4	4
Southend															
Southend Growth Hub	2015	LGF project delivered	Complete	Dec-16	Mar-17	Mar-17	2		4	720,000	720,000		1	2	2
TGSE LSTF - Southend	Mar-15	LGF project delivered	Complete	Aug-16	Mar-17	Mar-17	7		4	1,000,000	1,000,000		1	1	2
A127 Kent Elms Corner	Jun-16	LGF project delivered	Complete	May-17	May-19	May-19	24		4	4,300,000	4,300,000		1	1	2
A127 The Bell	Nov-18 and Feb-19	Construction in progress	Ongoing	Mar-21	Mar-23	Sep-23	29	5	5	4,300,000	4,214,457	85,543	3	2	3
A127 Essential Bridge and Highway Maintenance	Sep-16, Nov-18 and Feb-19 and Feb 2021	LGF project delivered	Complete	Mar-21	Aug-21	Aug-21	4		3	8,000,000	8,000,000		1	1	2
Southend Central Area Action Plan	Jun-16, Sep-17 and Feb-19	LGF project delivered	Complete	Mar-21	Jun-22	Jun-22	14		2	7,000,000	7,000,000		2	1	2

Appendix D - Local Growth Fund Delivery and Risk

Project	Deliverability									Financial			Reputational risk RAG	Overall RAG rating	
	Accountability Board approval	Delivery Status	Spend status of LGF funding award	Expected completion date (as stated in Business Case)	Expected completion date (Mar-23)	Expected completion date (May 2023)	Months delay incurred (since original Business Case)	Months delay incurred (since last update)	Deliverability RAG rating	LGF allocation (£)	Actual LGF spend to end of 2022/23 (£)	Forecast LGF spend from 2023/24 onwards			Financials RAG rating
London Southend Airport Business Park	Feb-16, Sep-17, Sep-18 and Sep-21	Construction in progress	Complete	Mar-21	Mar-23	Jul-23	27	4	5	23,369,517	23,369,517		2	2	3
Southend Town Centre Interventions	Jul-20 and Feb-21	Construction in progress	Complete	Mar-21	Jan-24	Jan-24	35		5	1,625,000	1,625,000		1	2	3
Thurrock															
TGSE LSTF - Thurrock	Mar-15	LGF project delivered	Complete	Mar-16	Mar-20	Mar-20	48		4	1,000,000	1,000,000		1	1	2
Thurrock Cycle Network	Apr-16	LGF project delivered	Complete	Mar-19	Mar-19	Mar-19			4	5,000,000	5,000,000		1	2	2
London Gateway/Stanford le Hope	Feb-17	Design in progress	Complete	Dec-18	TBC	TBC			5	7,500,000	7,500,000		5	5	5
A13 - widening development	Feb-17	LGF project delivered	Complete	Dec-19	Dec-20	Dec-20	11		3	5,000,000	5,000,000		1	1	2
Purfleet Centre	Jun-16	Construction in progress	Complete	Sep-27	Dec-30	Dec-30	40		5	5,000,000	5,000,000		5	5	5
Grays South	Feb-19	On hold	Ongoing	Jul-22	TBC	TBC			5	10,840,274	5,141,603	5,698,671	5	5	5
A13 widening	Apr-17, Jul-20 and Mar-21	Construction in progress	Complete	Dec-19	Mar-23	Jun-23	42	3	5	76,500,000	76,500,000		5	4	5
Managed Centrally															
Capital Skills	Mar-15	LGF project delivered	Complete	Mar-17	Mar-17	Mar-17			1	21,974,561	21,974,561		4	4	3
M20 Junction 10a	Feb-17	LGF project delivered	Complete	Sep-20	Dec-19	Dec-19			3	19,700,000	19,700,000		1	2	2
TOTAL										578,935,369	530,740,712	48,194,657			

Appendix E - High Risk LGF projects

Project	RAG Rating	LGF allocation (£m)	Percentage of LGF allocation spent by 30 September 2021	Main project risk	Funding conditions attached/Updates required by the Board
Queensway Gateway Road, East Sussex		10.00	100%	Land acquisition required for several parcels of land to enable completion of the project.	LGF funding spent in full by 31 March 2021. The Board will be provided with an update on the project, under Agenda Item 12.
Hastings and Bexhill Movement and Access Package		9.00	44%	One element of the project scope is no longer able to come forward following decision by Hastings Borough Council to refuse the proposal. In addition, significant cost increases have been experienced across the programme.	Options are currently being considered for use of the funding originally allocated to the element of the project which will no longer be coming forward. It is anticipated that a project change request and revised Business Case will be brought forward for Board consideration in September 2023.
A127 Fairglen Junction Improvements, Essex		15.00	10%	Business Case requires DfT approval. Decision still outstanding.	Board will be notified once DfT funding decision has been made.
Beaulieu Park Railway Station		12.00	0%	Essex County Council have 2 HIF projects which are covered under the same agreement. The other HIF project is struggling with cost increases which may mean the project is not delivered. The joint agreement may mean that the Beaulieu Park Station funding is lost if the other project cannot progress.	An update on the project is provided under Agenda Item 11.
A28 Chart Road, Kent		2.76	100%	Project on hold, awaiting confirmation of the local funding sources to enable the delivery of the project. Risk that LGF spend to date may become an abortive revenue cost and will need to be repaid to SELEP.	Project remains on hold. Board will be updated if the position changes and the project can progress to delivery or if there is a requirement for the LGF funding to be returned to SELEP for reallocation.
A28 Sturry Link Road, Kent		5.90	20.3%	Acquisition of land from a number of land owners required to enable delivery of the project.	Following award of planning permission in September 2021, negotiations have recommenced with land owners but a delay has been reported. An update on the project is provided under Agenda Item 10.
A289 Four Elms roundabout to Medway Tunnel		1.82	100%	LGF funding spent in full progressing design for the scheme. Delivery of the works to be funded through the HIF funding secured by Medway Council. HIF funded works are still at design stage and therefore there remains a risk that the LGF spend may become an abortive revenue cost and will need to be repaid to SELEP.	Board will be advised on progress towards delivery of the HIF works.
London Gateway/Stanford le Hope, Thurrock		7.50	100%	Planning permission has not yet been granted for the full extent of the project. In addition, costs have increased and there is uncertainty regarding the scope of the second phase of the project. Furthermore, there is not currently an agreed LGF Business Case in place for the project.	An update on the project is provided under Agenda Item 13.
Purfleet Centre		5.00	100%	Whilst LGF funding has been spent in full, there is a risk to the realisation of the forecast project benefits.	Following unsuccessful delivery of the project to date, a full range of alternative delivery options are currently being considered. The Board will be updated once this review has been completed.
Grays South		10.84	43.6%	Acquisition of land from a number of land owners required to enable delivery of the project. Project delivery is subject to progression through Network Rail GRIP process. In addition, a full review of the project is being undertaken to determine how/if the project should move forward.	Negotiations are ongoing with landowners and a CPO is being prepared to run alongside these negotiations should it be required. Steps being taken to complete contract with Network Rail for completion of next GRIP stages. However, primary workstreams are on hold whilst awaiting the outcome of the project review. An update on the Project is provided under Agenda Item 10.
A13 Widening, Thurrock		76.50	100%	Project programme and costs have differed significantly from position set out in project Business Case.	Project is now nearing completion and work is ongoing to manage project costs.
Total		156.32			

Appendix F - LGF Programme Risks (High Risks only)

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

Appendix F - LGF Programme Risks (High Risks only)

Risk	Description	Risk Impact	Risk Probability	Overall Risk	Mitigation
LGF spend beyond the Growth Deal period	Based on the LGF spend figures reported at the end of 2020/21, LGF totalling £106.351m will be spent beyond the original Growth Deal deadline of 31 March 2021.	3	4	12	<p>All projects which are forecasting LGF spend beyond the revised Growth Deal deadline are required to meet five criteria, to help ensure that LGF spend beyond the Growth Deal is only permitted on an exceptional basis.</p> <p>SELEP used Option 4 Capital Swaps to demonstrate the spend of all but £4.656m of the LGF at the end of 2020/21. The remaining funding was reported as spent in 2021/22. Whilst this approach is permitted under the terms of the grant from Central Government, there is a potential reputational risk to SELEP's delivery track record. This may impact SELEP's ability to successfully secure future funding from Central Government.</p>
Resource to deliver LGF projects	There is a risk to the availability of resource to deliver LGF projects, as a result of remote working, sickness and as a result of resources being redeployed to support critical services within local authorities. This is likely to result in project delays but also creates a risk to the oversight of projects.	3	3	9	SELEP Ltd extended the delivery of the Growth Deal period by six months to help ease some of the delivery pressures and to support the appropriate governance of projects.

Appendix G - Outstanding or due post scheme completion Monitoring and Evaluation reports

Project	Area	1 Year Post Completion	3/5 Year Post Completion
Newhaven Flood Defences	East Sussex	Expected 2023/24	Not due
Sovereign Harbour	East Sussex	Outstanding	Outstanding
Swallow Business Park	East Sussex	Received	Outstanding
Coastal Communities Housing Intervention	East Sussex	Outstanding	Expected 2023/24
Devonshire Park	East Sussex	Outstanding	Expected 2023/24
Bexhill Creative Workspace	East Sussex	Expected 2023/24	Not due
Eastbourne Fisherman's Quayside and Infrastructure Development project	East Sussex	Expected 2023/24	Not due
Colchester Broadband Infrastructure	Essex	Received	Outstanding
Colchester Integrated Transport Package	Essex	Outstanding	Not due
A414 Pinch Point Package	Essex	Received	Expected 2023/24
Chelmsford Station / Station Square / Mill Yard	Essex	Received	Expected 2023/24
Basildon Integrated Transport Package (Phase 2)	Essex	Expected 2023/24	Not due
Basildon Integrated Transport Package (Phase 3)	Essex	Outstanding	Not due
Chelmsford City Growth Area	Essex	Expected 2023/24	Not due
Coastal Communities Housing Intervention	Essex	Outstanding	Expected 2023/24
Gilden Way Upgrading, Harlow	Essex	Expected 2023/24	Not due
Technical and Professional Skills Centre at Stansted	Essex	Outstanding	Expected 2023/24
Innovation Centre - University of Essex Knowledge Gateway	Essex	Received	Expected 2023/24
STEM Innovation Centre, Braintree	Essex	Outstanding	Expected 2023/24
STEM Innovation Centre, Colchester	Essex	Outstanding	Expected 2023/24
Mercury Rising	Essex	Expected 2023/24	Not due

Project	Area	1 Year Post Completion	3/5 Year Post Completion
Basildon Digital Technologies Campus	Essex	Expected 2023/24	Not due
Colchester Institute - Groundworks training centre	Essex	Outstanding	Not due
Tonbridge Town Centre	Kent	Received	Outstanding
Sittingbourne Town Centre Regeneration	Kent	Outstanding	Not due
M20 Junction 4	Kent	Received	Outstanding
Maidstone Gyratory Bypass	Kent	Received	Outstanding
Middle Deal Transport Improvements	Kent	Expected 2023/24	Not due
Kent Sustainable Interventions Programme	Kent	Outstanding	Not due
West Kent LSTF	Kent	Expected 2023/24	Not due
Maidstone Sustainable Access to Employment	Kent	Received	Outstanding
Folkestone Seafront: onsite infrastructure and Engineering Works	Kent	Outstanding	Outstanding
Rathmore Road	Kent	Received	Outstanding
Dover Western Dock Revival	Kent	Received	Outstanding
Folkestone Seafront (non-transport)	Kent	Received	Outstanding
A226 London Road/B255 St Clements Way	Kent	Received	Expected 2023/24
A2500 Lower Road	Kent	Outstanding	Outstanding
Kent and Medway Medical School	Kent	Expected 2023/24	Not due
Strood Town Centre journey time and accessibility improvements	Medway	Expected 2023/24	Not due
Chatham Town Centre Placemaking	Medway	Outstanding	Expected 2023/24
Medway Cycling Action Plan	Medway	Received	Outstanding
Medway City Estate Connectivity Improvement Measures	Medway	Expected 2023/24	Not due
Rochester Airport - Phase 1	Medway	Expected 2023/24	Not due
Strood Civic Centre – flood mitigation	Medway	Outstanding	Expected 2023/24
Southend Growth Hub	Southend	Outstanding	Outstanding

Project	Area	1 Year Post Completion	3/5 Year Post Completion
A127 Kent Elms Corner	Southend	Received	Expected 2023/24
A127 Essential Bridge and Highway Maintenance	Southend	Expected 2023/24	Not due
Thurrock Cycle Network	Thurrock	Received	Outstanding
M20 Junction 10a	Central	Outstanding	Not due

Report title: LGF High Risk Projects Update Report	
Report to: Accountability Board	
Report author: Howard Davies, SELEP Capital Programme Officer	
Meeting date: 16 June 2023	For: Information
Enquiries to: howard.davies@southeastlep.com	
SELEP Partner Authority affected: Kent and Thurrock	

1. Purpose of report

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

2. Recommendations

- 2.1. The Board is asked to:

Grays South

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

2.1.2. **Note** that a further update will be brought to the September 2023 Board meeting which will provide an update on the outcome of the project reviews associated with the Grays South Regeneration Area scheme.

A28 Sturry Link Road

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

2.1.4. **Note** that a further update will be brought to the Board meeting in September 2023 which will include:

2.1.4.1. Confirmation that negotiations between the developer and land owner on the Sturry site have concluded successfully.

2.1.4.2. Confirmation of the status of the planning application for the North Hersden development; and

2.1.4.3. Confirmation that the CPO has been published or is ready for publication.

Grays South

3. Summary Position

- 3.1. The Grays South project forms part of the Grays South Regeneration Area (GSRA) scheme which consists of a number of interventions designed to support the economic and social vitality of Grays Town Centre. The LGF funding was specifically sought to support the creation of an underpass to replace the existing level crossing and for the creation of a public square at each end, designed to provide active urban spaces suited to a wide range of events, markets and similar activities.
- 3.2. It should be noted that a separate intervention within the GSRA scheme will bring forward new modern commercial/mixed use floorspace and residential units on land at either end of the new underpass. This work will not be funded through the LGF, but the benefits of the project will not be fully realised until these commercial and residential units have been constructed and are in use.
- 3.3. The Grays South project is intended to improve public safety, create a fully compliant and unimpeded route under the railway line, improve connectivity between different modes of travel within Grays Town Centre and to deliver high quality public realm. Key benefits of the project as set out in the original Business Case included:
 - 3.3.1. enabling delivery of 84 homes and 1,279 sqm of retail floorspace by 2025;
 - 3.3.2. supporting commercial development in Grays by creating a more attractive town centre and higher quality commercial space.
- 3.4. The Grays South project has been awarded a total of £10.84m LGF to support delivery of the new underpass. This funding was awarded in two tranches, with the initial £3.7m awarded in February 2019 following submission of an outline Business Case. The second tranche of £7.1m was awarded in November 2019 following submission of a Full Business Case.
- 3.5. In February 2022, the Board received an update on the delivery of the project. This update identified that the total project cost had increased from £28.7m (as set out in the Full Business Case considered by the Board in November 2019) to £37.9m.
- 3.6. Under the terms of the SELEP Assurance Framework, an increase in total project cost of this scale (prior to award of construction contract) must be approved by the Board. However, the scale of the cost increase also gave rise to concerns regarding the ability of the project to continue to offer High value for money as is required and therefore a revised Value for Money calculation was required before the Board could agree the increase in total project cost.
- 3.7. A revised Value for Money assessment was presented at the May 2022 Board meeting, and this concluded that the project continued to offer High value for money, with a revised BCR of 2:1. The original BCR as set out in the Full Business Case was 2.4:1 so, as would be expected, there has been a reduction in the BCR offered by the project.

- 3.8. At the meeting in April 2023 the Board were updated on the current position of the Grays South project which included a review of all regeneration priorities in Grays and a review being undertaken by Inner Circle Consulting in conjunction with Thurrock Council and the Government appointed Commissioners (Essex County Council).

Improvement and Recovery Plan

- 3.9. The Improvement and Recovery Plan was formulated out of the initial report produced by the Commissioners. As part of the Improvement and Recovery Plan, the Council is required to review all of their major capital projects, including those that make up the Regeneration programme. This is with a view to ensuring delivery capacity and financial control and to ensure that robust governance arrangements are in place. This will enable Thurrock Council to clarify what aspects of the revised strategic growth plan it is going to enable or facilitate and which major projects the Council will continue to deliver directly, recognising the financial constraints it is operating under and the need to facilitate more and directly deliver less.
- 3.10. In the light of the Improvement and Recovery Plan, it would be important to ask whether the Grays South project in its current form is still the right one to pursue or if the current design proposal could be either scaled back or delivered in a different form to achieve the same SELEP funding outputs, outcomes and benefits, whilst reducing further financial exposure to Thurrock Council. Key to this engagement will be discussions with Network Rail and c2c on the current design, delivery and funding options.

Inner Circle Consulting Review

- 3.11. The Board were advised that the Inner Circle Consulting review involved a strategic review of regeneration priorities in Grays Town centre, undertaking a technical review of the background documentation. Interviews would take place with number of strategic stakeholders, whose input was being sought on defining the strategic priorities. These stakeholders included Network Rail; c2c; New River Retail; Morrisons Supermarket; South Essex College; Thurrock Adult Community College (TACC); the Association of South Essex Local Authorities (ASELA); Grays Business Partnership; and key community and civic stakeholders.
- 3.12. The Board were further advised that fundamental to the Inner Circle Consulting led review would be a consideration of both the scale and programming of the major capital projects in the town centre programme, including the Grays South scheme. The Grays South project was conceived in a different economic climate and assessed against a different appetite for risk.

Internal Gateway Readiness Review

- 3.13. The Internal Gateway Readiness review is an internal Thurrock Council piece of work and will focus on the method of construction, impact of cost price inflation, utility diversion costs and the current imbalance in stakeholder funding contributions for the capital programme.
- 3.14. Information from the Implementation and Recovery Plan and Inner Circle Consulting review will help to inform the Internal Gateway Readiness Review.

LGF High Risk Project Update report

- 3.15. The Internal Gateway Readiness Review will use information from the updated costings prepared by Network Rail, as part of the GRIP 4 work. This will help to confirm the viability of the scheme.
- 3.16. It was reported to the April 2023 Board meeting that an indication of the initial findings would be provided to this meeting.
- 3.17. Thurrock Council advised that due to the ongoing reviews, set out above the project would be put on hold.
- 3.18. At the meeting in April 2023 the Board agreed to put the LGF spend on hold due to deliverability and affordability concerns and that the spend should remain on hold until it can be demonstrated that the project continues to comply with the requirements of the Assurance Framework.
- 3.19. Further information on the project can be found in Appendix A.

4. Project Update

- 4.1. The project remains on hold with Thurrock Council which means that the activities closely followed by previous updates to the Board including land acquisition, publication of a Compulsory Purchase Agreement and determination of a planning application remain on pause.
- 4.2. The GRIP 4 information has been received from Network Rail and is currently being reviewed by the internal project team prior to conversations with the Thurrock Council Leader and relevant Portfolio Holder. Therefore, an update on the initial findings of the review cannot be presented at this meeting, as previously reported.
- 4.3. Thurrock Council officers will be meeting with their Leader and Portfolio Holder during July 2023 to discuss all of the information coming out of the reviews and the recommendations with regard to the GSRA scheme. It is intended that a further update will be provided to the Board in September 2023.

5. Potential scenarios for progressing the project

- 5.1. As the outcomes of the Inner Circle Consulting Review and the Internal Gateway Readiness Review are unknown at this time, it is not possible to confidently identify the level of change that may be required to the project if it is to progress to delivery.
- 5.2. The SELEP Assurance Framework specifies (at BB.1.1) that 'any variations to a project's cost, scope, outcomes or outputs from information specified in the Business Case must be reported to the Accountability Board'. There are two key areas where this project may meet these changes:
 - 5.2.1. (vii). Any changes to total project costs above 30% which are identified prior to construction contract award, and
 - 5.2.2. (viii) any substantial changes to the expected project benefits, outputs and outcomes as agreed in the Business Case which may detrimentally impact on the value for money assessment.

- 5.3. In such circumstances, it is expected that the Business Case should be re-evaluated by the Independent Technical Evaluator. It should be noted any re-evaluation by the Independent Technical Evaluator would be charged to Thurrock Council, as the responsible upper tier authority.
- 5.4. Two potential scenarios are set out below to give an indication of what might be involved going forward. The scenarios are based on varying outcomes of the Inner Circle Consulting Review, with the Best Case scenario assuming minor changes to the design and the Worst Case scenario assuming that a complete redesign is required. In reality, a scenario mid-way between these two possibilities may be achieved.

Best Case scenario

- 5.5. The Best Case scenario would be that the changes to the project are minor therefore enabling use of the change request process. There is a risk that this scenario will be too optimistic as the report has set out clearly that the original design proposal was undertaken in a different economic climate. A project change would need to be agreed through local partner governance processes currently in place at Thurrock Council, prior to submission to SELEP and must be ratified by the S.151 officer and senior responsible officer within Thurrock Council, as set out in the Assurance Framework at BB.1.6.
- 5.6. A change request would need to outline a clear set of designs for the proposed project, confirmation that a full funding package is in place, ensure that the project meets the Value for Money guidelines set out in the Assurance Framework (bearing in mind the project went through a value for money assessment in 2022 which showed the project achieved a benefit cost ratio of 2:1 which is on the limit of what is acceptable under the requirements of the Assurance Framework) and includes milestones showing a clear route to delivery of the benefits set out in the original Business Case.
- 5.7. It is unclear how long a project change request might need to move through the current governance processes at Thurrock Council, including the procurement of a consultancy to conduct the work.
- 5.8. Once the outcome of the reviews are fully understood it may be possible to shorten the indicative timetable set out at Table 1.

Table 1: Indicative Timeline – Best Case Scenario

Task	Timeline
Discussions with new Leader and Portfolio Holder at Thurrock Council	July 2023
Discussion with SELEP, Accountable Body and Thurrock Council to agree the way forward	August 2023
Discussion and agreement with Stakeholder Group	August 2023
Possible further decisions required through Thurrock Council governance processes	October 2023
Submit Project Change request to SELEP for independent technical evaluation	29 November 2023
Present to Accountability Board for consideration	16 February 2024

- 5.9. Under this scenario the project will continue and a project change request will be submitted to SELEP at the end of November 2023 to complete the independent technical evaluation process before being considered by the Board at its meeting in February 2024.
- 5.10. Once the project team have digested the outcome of the reviews and discussed/agreed with Thurrock Council members the way forward, it will become clearer whether this scenario can be taken forward and whether a shortened timeline is achievable.
- 5.11. There will be an obligation on Thurrock Council to keep SELEP and the Accountable Body up to speed on decisions being taken, and as such the timeline shows a meeting scheduled in August 2023.

Worst Case Scenario

- 5.12. This scenario looks at a possibility whereby the proposal contained within the original Business Case is considered unrealistic and a new proposal is brought forward. The Assurance Framework states at BB.1.3., where there is a change to the nature of the project outcomes to be delivered through the intervention, or there is a change to the theme of the project, then this will be treated as the cancellation and introduction of a new project rather than a project change.
- 5.13. Further at BB1.4. the Assurance Framework states where it is less apparent as to whether there is a project change or whether a new project is being developed, then the Board will be asked to consider these decisions on a case by case basis.
- 5.14. It is unlikely that a new Business Case or updated Business Case could be completed, assessed by the ITE and considered by the Board prior to or at the February 2024 Board meeting. The work involved and expected risks around funding would be too onerous.
- 5.15. That being the case and with the current uncertainties around the LEP’s future, a report will need to be brought to the February 2024 Board meeting that sets out expectations as to how the project will be managed going forward in respect of the LGF spend and its compliance with the SELEP Assurance Framework.
- 5.16. An indicative timeline is set out in Table 2.

Table 2: Indicative Timeline - Worst Case scenario

Task	Timeline
Discussions with new Leader and Portfolio Holder at Thurrock Council	July 2023
Agree the way forward with Thurrock Council cabinet	September 2023
Confirmation of way forward and agreement with Stakeholders	September 2023
Discussion with SELEP and Accountable Body	Early October 2023
Update to SELEP Accountability Board around the status of project	17 November 2023
Report to Accountability Board	16 February 2024

5.17. Regular updates on the project will be provided at all Board meetings and, if there is a need, the Board will be asked to consider at the November 2023 meeting if the change to the project is so significant that it needs to be considered as a new project. In this situation the Board will be asked to agree whether they are prepared to accept a Business Case for a new project or if the LGF funding should be returned for reallocation to alternative projects.

Summary




5.18. The actions required under the Best Case scenario are more straightforward, however, this scenario would require a clear understanding of the way forward very quickly after the Thurrock Council discussions in July 2023, in order that an update can be provided to the September 2023 Board meeting.

5.19. The Worst Case scenario will potentially involve a complete rethink of the project and its deliverables which will require development of a new design which will need to feed into the provision of a new Business Case. Whatever the decision taken by Thurrock Council, under this scenario, it is unlikely that delivery of the project will be moved forward at speed.

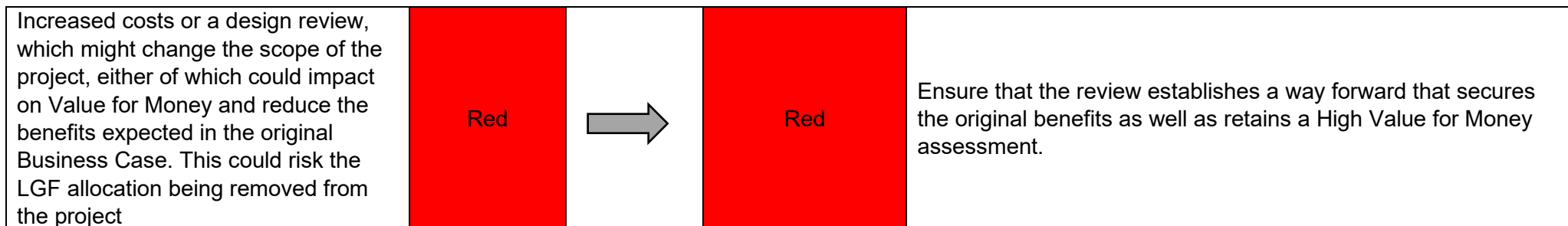
5.20. It should be noted that LGF spend will remain on hold until Thurrock Council have confirmed the preferred option for delivering the project and have demonstrated to the Board that the project continues to meet the requirements of the SELEP Assurance Framework. This means that, based on the Best Case scenario outlined above, the LGF spend will remain on hold until at least February 2024.

6. RAG Rating Table

Table 3: Summary of key project risks and milestones

Risk	RAG rating (March 2023)	Change since last Board meeting	Current RAG rating (June 2023)	Progress & Actions
The project is now part of the overall review of Grays capital projects. It is unclear how the project will be brought forward in order that it delivers the benefits set out in the original Business Case. This risk supersedes the previous risk around planning, land acquisition and publication of the CPO which will have to be revisited once the various reviews of capital projects have been decided.	Red		Red	Following the conclusion of the review of the GSRA there will be a clearer understanding of the way forward and how the project will be delivered, including costs. Two potential scenarios have been discussed in this report which set out possible ways forward.
The GRIP 4 information being provided by Network Rail may show a considerable project cost increase	Amber		Amber	The GRIP 4 information has been received from Network Rail and is currently being reviewed by the internal project team prior to conversations with the Thurrock Council Leader and relevant Portfolio Holder
Project Budget/Cost – detailed design has not yet been completed and therefore there is a risk that project costs could rise.	Red		Red	Currently the project is on hold and at risk of increased costs. Part of the Inner Circle Consulting review will lead to a clearer understanding of what the project scope will be.

LGF High Risk Project Update report



6.1. The dates within the Milestone Table 4, below, reflect those in the Worst Case Scenario at Table 2 above.

Table 4 – Milestone RAG ratings

	Milestone Completion Date (April 2023)	Milestone Completion Date (June 2023)	Change in milestone date (RAG rating)	Commentary (To include: % of milestone achieved to date)
Completion of Inner Circle Consulting review	March 2023 (draft report received)	March 2023	Green	The Inner Circle Consulting report has been received and will be consulted on with the new Leader and Portfolio Holder.
Agreement with Network Rail on GRIP 4 costings	May 2023	June 2023	Amber	The GRIP 4 Costings have been received and are being scrutinised prior to discussions with the Leader and Portfolio Holder.
Discussions with new Leader and Portfolio Holder at Thurrock Council	N/A	July 2023	N/A	Discussions between them and officers will take place with an agreement on the way forward.
Agree the way forward with Thurrock Council cabinet	N/A	September 2023	N/A	A decision expected to be taken to Thurrock Cabinet - 13 September 2023.

LGF High Risk Project Update report

Confirmation of way forward and agreement with Stakeholders	N/A	September 2023	N/A	This action will be completed post 13 September 2023 Cabinet meeting
Discussion with SELEP, Accountable Body and Thurrock Council to assess the way forward	N/A	Early October 2023	N/A	This will discuss what might need to be considered by the Board at its meeting in February 2024, as set out under the Worst Case Scenario section of this report.
Update to SELEP Accountability Board around the status of the project	N/A	November 2023	N/A	General update on the project including project status.
Report to SELEP Accountability Board around the status of the project	N/A	February 2024	N/A	Update on project that includes an explanation as to how the project will be managed going forward in respect of the LGF spend and its compliance with the SELEP Assurance Framework.

7. Next Steps

- 7.1. As set out in section 4 GRIP 4 information has now been received from Network Rail and is currently being reviewed internally prior to a full update to the new Leader and Portfolio Holder. As matters progress there will be an obligation on Thurrock Council to keep SELEP and the Accountable Body updated on how the project will develop going forward.
- 7.2. An update on the current status of the project will be provided to the Board in September 2023.

A28 Sturry Link Road

8. Summary Position

- 8.1. The project involves the delivery of a new link road between the A291 and A28, to the southwest of Sturry, Canterbury. The LGF is due to contribute to the cost of constructing a bridge over the railway line and the Great Stour River, to enable traffic to avoid the Sturry level crossing and the congested road network in the area. Further information on the project can be found in Appendix B.
- 8.2. The Board approved the award of £5.9m LGF to the project in June 2016 but delivery of the project has progressed at a slower rate than expected as a result of planning complications and other delivery risks.
- 8.3. In November 2021, the Board agreed that the deadline for the completion of the required land acquisition could be extended to 31 August 2023, from 31 March 2023, and that the remaining £4.656m LGF could be transferred to Kent County Council on the condition that this updated land acquisition deadline is met.
- 8.4. At the July 2022 meeting the Board were advised that the current workstreams, including land acquisition and procurement of a Design and Build contractor, are subject to extended programmes and therefore there was a high likelihood of there being no significant progress to report if update reports continued to be tabled at each Board meeting. The Board agreed that updates should be provided at alternate meetings, as long as no significant new risks are identified.
- 8.5. At the April 2023 meeting the Board were advised that although the procurement of the design and build contractor was well advanced and an award of contract was expected to be confirmed shortly after the meeting there were issues that had arisen. Environmental surveys required were ongoing and would continue as a mitigation strategy was being put into place. However, the Board were also advised of a delay to the Sturry development, details of which were set out in a confidential appendix, this had resulted in a major impact on the date of publication of the CPO and thereby had forced the timeline for the completion of the land acquisition out beyond the previously agreed completion date of 31 August 2023. The Board agreed to further extend the completion of the land acquisition to 7 April 2025 and the completion date for the project to 31 December 2026. This would allow sufficient time to complete land acquisition and to deal with any other matters that may arise going forward.
- 8.6. This report will give an update on the following:

- 8.6.1. progress towards the completion of the land acquisition process; and
- 8.6.2. an update on land negotiations between the developer and the land owner towards agreeing a way forward on the Sturry Site.
- 8.6.3. progress toward securing planning permission on the North Hersden development.

9. Project Update

- 9.1. The Board were previously advised that site clearance and environmental mitigation works would continue and would be used to discharge planning conditions. The presence of beavers identified along the section of the river Stour through Sturry meant that additional surveys were being planned to better understand their activity around the area of the Sturry Link Road. Other surveys related to the presence of Desmoulin's snails, otters and badgers required a mitigation strategy that was being put in place and would last for the duration of the project, including construction. This work is ongoing.
- 9.2. The notification to award the design and build contract was issued on 21 April 2023. The contracts are due to be signed on 5 June 2023; therefore, a verbal update will be given at the meeting to confirm this has been completed. The contract has a break clause between the design and construction phases that could be implemented if necessary.

Dependent developments

9.2.1. Broad Oak

- 9.2.1.1. As reported at the April 2023 Board meeting this development continues to be built out and instalments of S.106 are being paid to Kent County Council.

9.2.2. Sturry

- 9.2.2.1. As reported at the April 2023 Board meeting the S106 agreement is in place to provide the developer contributions and to deliver the part of the Sturry Link Road that runs through the site.
- 9.2.2.2. Although the Heads of Terms have been agreed between the promoter of the Sturry site and the housebuilder, including a commitment to deliver the part of the Sturry Link Road which runs through the development, issues have arisen as set out to the Board in a confidential appendix at the April 2023 meeting. It was reported then that these negotiations will be concluded by the end of June 2023, this is still expected to be the case. A further update will be given at the September 2023 meeting.
- 9.2.2.3. The Board were made aware that the timelines for both this development and completion of the project were now aligned with the updated programme submitted by Kent County Council and can be found in Appendix B.

9.2.3. North Hersden




- 9.2.3.1. At the previous meeting in April 2023 the Board were advised that a planning application had been submitted to Canterbury City Council for determination with a decision expected in June 2023. This is now unlikely as there is still a need to resolve nutrient neutrality issues with Natural England. Nutrient neutrality is a means of ensuring that a development plan or project does not add to existing nutrient burdens within catchments, so there is no net increase in nutrients as a result of the plan or project. The revised date for a decision is September 2023.
- 9.2.3.2. A Section 106 agreement will be required in line with the agreed Heads of Terms between the developer Persimmon Homes and Kent County Council. This will obligate the developer to contribute financially to the Project.
- 9.2.3.3. Should the planning application be refused, the requirement for Kent County Council borrowing to forward fund the Project will be increased, whilst alternative funding sources are identified. The decision on planning does not affect the publication of the CPO.




Land Acquisition – CPO and Voluntary Negotiations

- 9.3. The Board were updated on the need to delay the publication of the CPO at the meeting in April 2023, this necessitated an agreement from the Board to extend the period for the completion of land acquisition from 31 August 2023 to 7 April 2025. Publication of the CPO was pushed out to September 2023 due to, primarily, the ongoing negotiations between the developer and landowner of the Sturry site around how planning conditions would be met. As set out in this report and in the previous report in April 2023 the outcome is expected towards the end of June 2023, with an update to the Board at the meeting in September 2023.
- 9.4. In the meantime, Carter Jonas continue to lead on the voluntary land acquisition negotiations with impacted landowners and as previously reported to the Board the majority of land could be acquired through voluntary negotiation.
- 9.5. A revised programme was tabled at the meeting in April 2023 and it remains unchanged.

10. RAG Risk Template

Table 5 Summary of key project risks and milestones

Risk	RAG rating (April 2023)	Change since last Board meeting	Current RAG rating (June 2023)	Progress & Actions
Project Programme – Delays connected to procurement of Design and Build contractor, increased levels of environmental surveys required and additional time required for land acquisition due to a delay in progressing the Sturry site.	Red		Amber	Design and build contract awarded. Environmental surveys are ongoing
Project Budget/Cost increase – risk of increase in total project cost as contract is not yet in place with the design and build contractor, (expected 5 June 2023). Also, tender submissions have demonstrated that costs have risen.	Red		Amber	The revised budget has been updated based on successful tender. There is an increase on budget that is offset by indexation of developer contributions through the s106 agreements. Value engineering will be explored during the detailed design phase to ensure the Project cost is in line with the available budget.
Land Acquisition – risk that land acquisition will not be completed in accordance with the timeline agreed by the Board	Red		Amber	Preparation of CPO is ongoing in line with the agreed programme, with planned date for publication of CPO September 2023 and a Secretary of State decision expected no later than 7 April 2025 prior to construction in April 2025. The extension to the 7 April 2025 was agreed by the Board at their meeting in April 2023.

<p>Delay to the programme of the Sturry Development delivering part of the Sturry Link Road</p>	<p>Amber</p>		<p>Amber</p>	<p>The site owner and developer still need to close out some of the conditions on the planning consent for the Sturry site. There has been a delay of approximately 12 months on their programme. This has had a consequence on the programme for the delivery of the Kent County Council section of the Project, but the two programmes are now aligned.</p>
<p>Nutrient Neutrality strategy submission delaying determination of planning application of North Hersden development</p>	<p>N/A</p>		<p>Amber</p>	<p>A revised nutrient neutrality mitigation is being developed for submission</p>
<p>Forward Funding requirement. To enable the programme to progress there is a need for forward funding to be provided ahead of receipt of all agreed developer contributions. The current financial climate means that there are other pressures on Kent County Council for its resources alongside the need to facilitate forward funding for the Project.</p>	<p>Amber</p>		<p>Amber</p>	<p>As reported in April 2023 a 12 month delay to the start date of the construction enables the developer funding to be received or an alternative borrowing agreement put in place.</p>
<p>Presence of Beavers – recently identified as a European protected species – which could impact on the design and delivery of the Project. Other species require mitigation measures too, including</p>	<p>Amber</p>		<p>Amber</p>	<p>Surveys are being undertaken to identify the presence and activity of Beavers where the river Stour passes the proposed viaduct. Investigation and mitigation including discussions with Kent Wildlife Trust and the East Kent Beaver Advisory Group are ongoing.</p>

Desmoulins snails, otters and badgers.				
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	Milestone Completion Date (April 2023)	Milestone Completion Date (June 2023)	Change in milestone date (RAG rating)	Commentary (To include: % of milestone achieved to date)
Assess and award the Design and Build contract	April 2023	April 2023	Green	Intent to award issued 21 April 2023, contracts exchanged, awaiting signing.
Completion of negotiations around how planning conditions would be met between the developer and landowner of the Sturry site	June 2023	June 2023	Green	The developer has indicated that they are committed to deliver the development however formal contracts still need to be signed and development commenced.
Determination of the North Hersden Planning application	June 2023	September 2023	Amber	The planning application has been submitted and is due to be determined in Summer 2023. Determination in June 2023 is unlikely as there is still a need to resolve Nutrient Neutrality issue and a strategy is being developed
Completion of design phase	March 2024	March 2024	Green	The design phase is on track to be completed in line with the agreed programme
Approval of design and confirm price	April 2024	April 2024	Green	No change from agreed programme
Environmental mitigation works	December 2024	December 2024	Green	Work is ongoing to progress the environmental mitigation works. This piece of work will require ongoing updates throughout the design process. This does not impact on the programme

LGF High Risk Project Update report

				for delivery of the project. Ongoing, but engagement with Kent Wildlife Trust and the East Kent Beaver Advisory Group has been set up.
Completion of required land acquisition	April 2025	April 2025	Green	Land negotiations alongside CPO process continue. CPO to be published September 2023. Completion has been moved out to April 2025, to allow for a worst case scenario, but prior to works commencing on site. 60% of the land has been committed by way of a S.106 agreement.
Construction commencement	April 2025	April 2025	Green	No change from agreed programme.
Completion of works	December 2026	December 2026	Green	No change from agreed programme

11. Next Steps

- 11.1. The voluntary land acquisition negotiations will continue, alongside the development of the CPO, which will be published in September 2023.
- 11.2. Negotiations with the successful tenderer have completed. This was followed by a period of due diligence; contracts have been exchanged and are due to be signed by 5 June 2023. An update will be provided at the meeting.
- 11.3. Environmental mitigation works are ongoing, as set out at 9.1.
- 11.4. A further update on the project will be provided at the September 2023 meeting and will include an update on:
 - 11.4.1. Confirmation that negotiations between the developer and land owner on the Sturry site have concluded successfully.
 - 11.4.2. Confirmation of the status of the planning application for the North Hersden development; and
 - 11.4.3. Confirmation that the CPO has been published or is ready for publication.

12. Financial Implications (Accountable Body comments)

- 12.1. There continue to be a number of challenges to completion of the projects in this report, albeit that the majority of the LGF has been spent to date; this presents risks on assuring delivery of the expected outcomes, given the lack of certainty on the timelines for completion of the projects.
- 12.2. In addition to the specific challenges outlined in this report, the Board should be aware of wider risks in 2023/24 and beyond which may impact delivery of outcomes due to difficulties experienced by projects as a result of Brexit, COVID-19, economic uncertainty and inflation.
- 12.3. To mitigate these risks, the Board is advised to keep under review the delivery progress of these projects and to take this into account with regard to any further funding decisions made.
- 12.4. Essex County Council, as the Accountable Body, is responsible for ensuring that the LGF funding is utilised in accordance with the conditions set out by Government for use of the Grant.
- 12.5. All LGF in respect of the two projects considered has been transferred to Thurrock Council and Kent County Council respectively, as the Project Lead Authorities; the funding has been transferred, under the terms of a Service Level Agreement (SLA) which makes clear that funding can only be used in line with the agreed terms.
- 12.6. The Agreements also set out the circumstances under which funding may have to be repaid should it not be utilised in line with the conditions of the grant or in accordance with the Decisions of the Board.

13. Legal Implications (Accountable Body comments)

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

14. Equality and Diversity Implications

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

15. List of Appendices

- 15.1. Appendix A – Grays South - Project Background Information
- 15.2. Appendix B – A28 Sturry Link Road Project Background Information

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

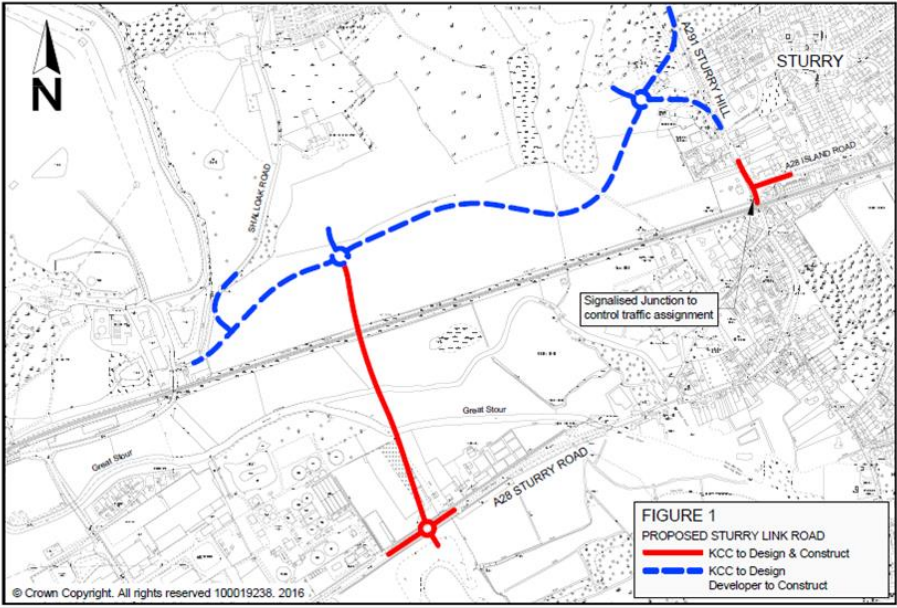
Role	Date
Accountable Body sign off Michael Neumann (on behalf of Nicole Wood, S151 Officer, Essex County Council)	 08/06/2023

Appendix A – LGF Project Background Information

Name of Project	Grays South Thurrock Council																													
Local Growth Fund (LGF) allocation	Date of Award		Amount (£m)																											
	February 2019		3.7																											
	November 2019		7.1																											
	Total		10.8																											
Project Background	<p>The Project forms part of the Grays South Regeneration Area (GSRA) scheme which consists of a number of interventions designed to support the economic and social vitality of Grays Town Centre. The LGF funding was specifically sought to support the creation of an underpass to replace the existing level crossing and for the creation of a public square at each end, designed to provide active urban spaces suited to a wide range of events, markets and similar activities.</p> <p>It should be noted that a separate intervention within the GSRA scheme will bring forward new modern commercial/mixed use floorspace and residential units on land at either end of the new underpass. This work will not be funded through the LGF, but the benefits of the Project will not be fully realised until these commercial and residential units have been constructed and are in use.</p>																													
Current Planning Applications	Currently all planning proposals are on hold.																													
Delivery Milestones	The project is currently on hold - a revised programme will be required at a future date.																													
Project Costs	<p><i>Breakdown of funding sources (£m)</i></p> <table border="1"> <thead> <tr> <th rowspan="3">Project Name</th> <th colspan="6">Budget</th> </tr> <tr> <th rowspan="2">Total project cost (£m)</th> <th rowspan="2">LGF allocation (£m)</th> <th colspan="4">Other funding sources (£m)</th> </tr> <tr> <th>Local Authority</th> <th>Other public sector</th> <th>Private Sector</th> <th>Third Sector</th> </tr> </thead> <tbody> <tr> <td>Grays South</td> <td>40.42</td> <td>10.84</td> <td>26.43</td> <td>1.40</td> <td>0.00</td> <td>1.75</td> </tr> </tbody> </table> <p>This funding breakdown is subject to the updated costings provided as part of the GRIP 4 currently being reviewed by the project team. A fuller update will be provided at the September 2023 meeting.</p>						Project Name	Budget						Total project cost (£m)	LGF allocation (£m)	Other funding sources (£m)				Local Authority	Other public sector	Private Sector	Third Sector	Grays South	40.42	10.84	26.43	1.40	0.00	1.75
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Grays South	40.42	10.84	26.43	1.40	0.00	1.75																								
Project benefits	The Project will improve public safety, create a fully compliant and unimpeded route across the railway line, improve connectivity between different modes of travel within Grays Town Centre and will deliver high quality public realm.																													

	<p>Key benefits of the Project include:</p> <ul style="list-style-type: none"> • enabling delivery of 84 homes and 1,279 sqm of retail floorspace by 2025; • supporting commercial development in Grays by creating a more attractive town centre and higher quality commercial space.
Project constraints	<ul style="list-style-type: none"> • Currently subject to a review as part of the Section 114 notice issued in December 2022. • Cost increases, although the costs provided include a 30% risk uplift and 20% Network Rail contingency pot. • The project involves the acquisition of property and land which could extend the project timeline. • Planning consent is required for the planned works. • The project is dependent on progression through the GRIP process with Network Rail. • The project has been put on hold by Thurrock Council whilst a review is undertaken. • As a result of concerns regarding deliverability and affordability the Board agreed to put spend of the remaining LGF funding on hold until it could be demonstrated the project continues to meet the requirements of the SELEP Assurance Framework. • Subject to the current review of the Project an updated Business Case or Value for Money assessment is likely to be required.
Link to Project webpage	<p>https://www.southeastlep.com/project/grays-south/</p>

Appendix B – LGF Project Background Information

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

	minutes/hour during peak times, causing severe congestion to trips along the A28. This level of congestion is a major constraint on development to the north east of Canterbury.																																																																																																																							
Project benefits	<p>Through tackling this congestion pinch point and increasing the capacity of this part of the network, the Project is expected to unlock new development sites to the North East of Canterbury, delivering 4,220 new homes and 1,700 jobs.</p> <p>The scale of development unlocked by the Project includes residential development at the following sites:</p> <ul style="list-style-type: none"> • Broad Oak Farm and Sturry – 1106 homes; • Hoplands Farm, Hersden – 250 homes; • Colliery Site, Hersden – 370 homes; • North Hersden – 800 homes; • Other sites in the north eastern quadrant of Canterbury District 																																																																																																																							
Project Programme	<table border="1"> <thead> <tr> <th colspan="2">A28 Sturry Link Road Key Dates</th> </tr> </thead> <tbody> <tr> <td>Tender period</td> <td>Mar – Aug 2022</td> </tr> <tr> <td>Assess and Award Design and Build Contract</td> <td>Aug 2022 - Apr 2023</td> </tr> <tr> <td>North Hersden Planning Decision</td> <td>Sept 2023</td> </tr> <tr> <td>Design Phase</td> <td>Apr 2023 – Mar 2024</td> </tr> <tr> <td>Approval of Design and confirm price</td> <td>Mar 2024 – Apr 2024</td> </tr> <tr> <td>Advance site clearance and Environmental Mitigation</td> <td>July 2022 – Dec 2024</td> </tr> <tr> <td>CPO process and Secretary of State decision</td> <td>Apr 2025</td> </tr> <tr> <td>Main Works Commence</td> <td>Apr 2025</td> </tr> <tr> <td>Open A28 Sturry Link Road</td> <td>Dec 2026</td> </tr> </tbody> </table>	A28 Sturry Link Road Key Dates		Tender period	Mar – Aug 2022	Assess and Award Design and Build Contract	Aug 2022 - Apr 2023	North Hersden Planning Decision	Sept 2023	Design Phase	Apr 2023 – Mar 2024	Approval of Design and confirm price	Mar 2024 – Apr 2024	Advance site clearance and Environmental Mitigation	July 2022 – Dec 2024	CPO process and Secretary of State decision	Apr 2025	Main Works Commence	Apr 2025	Open A28 Sturry Link Road	Dec 2026																																																																																																			
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Project constraints	<ul style="list-style-type: none"> • Land Acquisition remains a risk and may require a Compulsory Purchase Order to support the acquisition. • Environmental orders have increased the amount of work required to mitigate against environmental impacts. 																																																																																																																							

	<ul style="list-style-type: none">• Delays to various land negotiations have impacted on the delivery timeline.
Link to Project webpage	https://www.southeastlep.com/project/a28-sturry-link-road/

Forward Plan reference numbers: FP/AB/656 and FP/AB/657

Report title: Growing Places Fund Update	
Report to: Accountability Board	
Report author: Helen Dyer, SELEP Capital Programme Manager	
Meeting date: 16 June 2023	For: Decision
Enquiries to: helen.dyer@southeastlep.com	
SELEP Partner Authority affected: All	

1. Purpose of report

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

2. Recommendations

- 2.1 The Board is asked to:
- 2.1.1 **Note** the updated position on the GPF programme.
 - 2.1.2 **Note** the revised drawdown schedule for the No Use Empty South Essex project (as set out in Section 6 of this report).
 - 2.1.3 **Agree** the proposed revised repayment schedule for the No Use Empty South Essex project (as set out in Section 6 of this report).

3. Background

- 3.1 In total, £45.477m GPF was made available to SELEP for investment as a recyclable loan scheme. To date, GPF has either been invested or has been allocated for investment in a total of 28 capital infrastructure projects. In addition, a proportion of GPF revenue funding was allocated to Harlow Enterprise Zone (£1.244m) and a further £1.5m was ring-fenced to support the activities of SELEP's Sector Working Groups (known as the Sector Support Fund); as agreed by the Strategic Board.
- 3.2 In June 2020, the Strategic Board took the decision to repurpose £6.4m of the GPF funding to enable delivery of interventions which will support economic recovery post COVID-19. In addition, in November 2021 the Board agreed that £18,767 of the GPF loan awarded to the Workspace Kent project could be written off as a bad debt due to the dissolution of the recipient company. These decisions have reduced the balance of the GPF fund to £39.058m.

- 3.3 Quarterly updates are provided to the Board on the latest position of the GPF projects in terms of delivery progress, realisation of project benefits and any risks to the repayment of the GPF loans.
- 3.4 A new prioritised project pipeline was agreed in June 2020. Two projects have subsequently been removed from the pipeline, but funding has been awarded to support delivery of all other pipeline projects. As a consequence, there are currently no projects remaining on the GPF project pipeline.
- 3.5 It is intended that a new round of GPF funding will be launched in 2023/24 and an initial discussion as to the approach for allocating the funding took place at the Strategic Board meeting on 10 February 2023. The following underlying principles for the new round of GPF funding were presented to the Strategic Board for their consideration:
- 3.5.1 The GPF should be retained as a recyclable loan scheme – in light of the decision by Government to no longer direct capital grant funding through LEPs, the GPF funding represents the only real opportunity for SELEP to support delivery of the vision set out in the Economic Recovery and Renewal Strategy and to provide the infrastructure needed to support local economic growth. It is therefore important that the recyclable nature of the fund is retained, allowing ongoing investment in key projects in the region which will play a central role in supporting economic growth and recovery.
- 3.5.2 The fund should operate at no cost to SELEP – the GPF allocation process used historically is both resource intensive and incurs significant costs, including sizeable Independent Technical Evaluator charges, secretariat and accountable body support, which have previously been met by SELEP. Given the change in SELEP's financial position, and the ongoing uncertainty as to whether any funding will be provided by Government to support SELEP's activities beyond 2023/24, it is no longer viable for SELEP to cover costs incurred during the GPF allocation process. Therefore, changes will need to be made to the way the fund operates to ensure that these costs are covered by alternative means. Further work is required to establish how these costs will be met, but options under consideration include the application of a management fee and/or the charging of interest on all loans.
- 3.5.3 Projects should commit to short repayment schedules – projects supported through the most recent round of GPF funding have, for the most part, committed to repaying the loans over a 5 year period. It is proposed that, under the new round of GPF funding, loans are provided for a maximum period of 3 years. This would allow for 1 year for delivery and 2 years for repayment. Shorter repayment schedules have been proposed due to the ongoing uncertainty around the long-term status of SELEP due to ongoing devolution conversations and the potential resource implications for the

Accountable Body should SELEP cease to exist before repayment of the loans becomes due. This approach would require the GPF funding to be awarded to projects which are genuinely shovel ready and in a position to commence delivery immediately following award of funding.

- 3.5.4 The fund should focus on specific sectors within the SELEP economy – the overall objectives of the GPF are to support development at stalled investment sites, improve skills and learner numbers, to accelerate the delivery of new houses and to support the creation of new jobs. These objectives could be applied to virtually any sector within the SELEP region. The last round of GPF funding required that the projects aligned with SELEP’s Strategic Objectives as set out in the SELEP Economic Strategy Statement but no further specific guidance was issued. Given the limited resources available to SELEP, it is considered important that the funding is directed towards the sectors where there is a greater need and where the most benefit can be realised. It was intended that these sectors would be identified through an evidence-based approach and would be presented to the Strategic Board at their July 2023 meeting.
- 3.5.5 The fund should be positioned to be supplementary to third party and Government funding sources, including the remaining unallocated GBF funding – the current funding landscape is complicated with an ever-increasing number of different funds being offered – all with a slightly differing focus and with different funding requirements. It is proposed that the GPF funding could be positioned to be supplementary to these central funding sources, allowing externally funded projects to be enhanced by capital funding, resulting in greater benefit realisation.
- 3.6 Following a discussion which predominantly focused on the proposed sector-based approach and the duration of the loans, the above underlying principles were broadly agreed subject to consideration being given to the points raised during the February 2023 Strategic Board meeting (as outlined in the draft Strategic Board minutes).
- 3.7 Subsequent to this Strategic Board decision, Central Government made the announcement in the annual Budget that they were minded to not provide any further core funding for LEP’s after 2023/24 and that LEP functions should be integrated into Local Authorities. Government have been conducting an information gathering exercise to inform the next steps towards integration with a view to setting out their position prior to Parliament’s Summer recess.
- 3.8 Whilst awaiting further information from Government, there has been a need to undertake a significant amount of work to establish how SELEP operations can be effectively integrated into Local Authorities, whilst safeguarding key activities which need to be conducted at a regional level. This work has

included a further review of options for use of the available GPF funding and it is intended that proposals will be presented to the Strategic Board at their meeting in July 2023. Prior to the Strategic Board meeting, discussions will be held with both officers and Board members with regard to both the proposed integration arrangements and the optimal use of the available GPF funding.

4. Current Position

COVID-19 Impacts

- 4.1 The impact of the COVID-19 pandemic and the associated social distancing measures and lockdowns that were introduced by Government have resulted in a severe shock to our economy. The GPF projects are feeling the effects and longer-term risks have been identified which may affect the delivery of the projects, the realisation of expected project benefits and the ability to repay the current GPF loans.
- 4.2 Further information regarding the effects and risks identified as a result of the COVID-19 pandemic is provided in Appendix D.

Cash Flow Position

- 4.3 Scheme promoters have been working to understand the impacts of COVID-19 on their projects and their intended repayment mechanism since the onset of the COVID-19 pandemic. To date, COVID-19 related revised repayment schedules have been approved by the Board in relation to ten GPF projects.
- 4.4 Table 1 below sets out the current cash flow position based on the planned GPF investment and the GPF available for re-investment through loan repayments. Drawdown forecast for 2023/24 incorporates the revised drawdown schedule for the No Use Empty South Essex project as set out in Section 6 of this report. Repayments forecast for 2023/24 reflect the latest repayment schedules approved by the Board.
- 4.5 The GPF repayment schedules are set out in Appendix B.
- 4.6 All projects, with the exception of the Sovereign Harbour and Eastbourne Fisherman's Quayside and Infrastructure Development projects which were considered by the Board in April 2023, made their scheduled repayments prior to the end of March 2023.

Table 1: GPF Cash Flow Position

£	2022/23	2023/24
GPF available at the outset of year	13,039,744	12,359,744
GPF funding repurposed	-	-
GPF available for investment	13,039,744	12,359,744
GPF Round 1 planned investments	0	0
GPF Round 2 planned investments	0	0
GPF Round 3 planned investments	1,900,000	2,750,000
Position before GPF repayments are made	11,139,744	9,609,744
GPF repayments expected	1,220,000	5,315,000
Carry forward	12,359,744	14,924,744

4.7 As shown in Table 1 total GPF Round 3 drawdown of £2.75m is forecast for 2023/24. This £2.75m reflects the last drawdown associated with GPF round 3 projects and sufficient GPF funding is held to meet this drawdown requirement.

4.8 All Round 1 and 2 GPF projects have drawn down their full allocation of funding. The drawdown schedule for the GPF programme is set out in Appendix C.

5. Growing Places Fund Project Delivery to Date

5.1 A deliverability and risk update is provided for each GPF project in Appendix A.

5.2 Four projects have a High (red) overall project risk, including the Green Hydrogen Generation Facility, Centre for Advanced Engineering, No Use Empty South Essex and North Queensway projects.

5.3 The Green Hydrogen Generation Facility project is an innovative project seeking to construct a zero carbon hydrogen production facility which will be powered via connection to an existing offshore wind farm. Due to the innovative nature of the project, there is a need for a lot of work to be undertaken prior to construction commencing onsite. Whilst progress has been made, a need to upgrade the turbines at the wind farm has been established. Safety issues have been identified in relation to the older wind turbines which need to be addressed before the project can progress using the planned approach. Work is continuing to address the safety issues but, in the meantime, the delivery partner is investigating alternative zero carbon power sources to ensure that the project can progress as planned. Despite

the delay in progressing the project, no repayment risks have been identified at the current time.

- 5.4 The Centre for Advanced Engineering project has delivered approximately 8,300sqm (Gross Internal Area) of space at South Essex College, with cutting edge facilities and workshops to support courses in engineering, motor vehicle maintenance and construction. The project received £2m of GPF funding and, as it stands, the full balance of the loan remains outstanding.
- 5.5 A revised repayment schedule for the project was agreed by the Board in November 2021 and it was agreed that South Essex College should provide annual updates to the Board to provide assurance regarding the ongoing viability of the agreed repayment schedule. The first update was provided to the Board in November 2022 and identified a number of risks associated with the repayment of the loan. Since this update was provided to the Board, Essex County Council (as responsible Upper Tier Local Authority) have sought further updates from the College on both the identified repayment risks and the realisation of forecast project benefits but have been unable to secure any further information. As a consequence, the project has been flagged as High risk in relation to repayment and delivery of project outcomes.
- 5.6 The No Use Empty South Essex project has been awarded a GPF allocation of £1m and this funding continues to be held by Essex County Council (as Accountable Body for SELEP). Southend-on-Sea City Council were also awarded Getting Building Fund (GBF) funding to support the No Use Empty project and due to the time constraints associated with the GBF funding, spend of this funding was prioritised over the GPF. The GBF funded element of the project has taken longer than anticipated to deliver, which has resulted in a delay in progressing the GPF funded elements. Consequently, the project is no longer able to meet the repayment schedule which was set out in the Business Case and a revised repayment schedule has been brought forward for Board consideration at this meeting. Further details are provided in Section 6 of this report.
- 5.7 The final High risk project is the North Queensway project, which has delivered preliminary site infrastructure and an access road for a new business park as set out in the Business Case. Whilst the GPF loan has been repaid in full, no commercial development has come forward on the site to date and therefore none of the forecast project benefits have been realised. A further update on the North Queensway project will be provided at a future meeting when East Sussex County Council and Sea Change Sussex have confirmed an agreed position with regard to next steps for securing the forecast project benefits.
- 5.8 There are a number of medium risks (amber) identified, primarily in relation to repayment and realisation of project outcomes. The repayment risks stem from the ongoing global economic uncertainty and impacts on the property market. There remain concerns regarding benefit realisation due to the impact

on the property market and local economy of the COVID-19 pandemic. These risks will continue to be monitored.

- 5.9 The usual update on the benefits realised as a result of the GPF investment has not been included within this report. A full review of the forecast benefits and outcomes stated within the original funding applications, including measuring delivery of benefits post project completion, is currently being undertaken. It was anticipated that this review would be completed in advance of this meeting, however, further time is required to complete this piece of work to ensure that the information provided at future Board meetings is fully accurate and robust.

6. No Use Empty South Essex – revised drawdown schedule and proposed revised repayment schedule

- 6.1 The No Use Empty South Essex project aims to return long-term empty commercial properties to use, for residential, alternative commercial or mixed-use purposes, with a particular focus on secondary retail and other commercial premises which have been significantly impacted by changing consumer demand and which may have been impacted by larger regeneration schemes. The properties are returned to use through the provision of short-term secured loans to property owners.
- 6.2 The No Use Empty South Essex project mirrors the successful No Use Empty project which has run across Kent for a number of years, with back-office services provided by Kent County Council.
- 6.3 In November 2020, the Board approved the award of £1.2m Getting Building Fund to support delivery of the No Use Empty South Essex project. The GPF funding was sought to enable the expansion of the project, to provide the opportunity for a greater number of properties to be returned to effective use. The award of £1m GPF to the project was agreed in March 2021.
- 6.4 At the time of the GPF funding decision it was expected that the funding would be drawn down in 2021/22 (£0.4m) and 2022/23 (£0.6m), with repayment expected in 2024/25 (£0.4m) and 2025/26 (£0.6m). To date, no GPF funding has been drawn down against the project.
- 6.5 The process to secure the GPF funding commenced ahead of submission of the application for Getting Building Fund funding and therefore it was initially intended that the GPF funding would be spent first. However, the launch of the project was delayed as a result of the impact of COVID-19 restrictions and the economic uncertainty caused by the pandemic and Brexit meant that early take up was slow. As a direct consequence of these delays and the time constraints attached to spend of the Getting Building Fund funding, the decision was made to prioritise spend of the Getting Building Fund funding.
- 6.6 During 2022/23 there was significant demand for No Use Empty loans and the Getting Building Fund funding is now fully allocated. As set out in Agenda Item

8, it is expected (subject to completion of the required legal and due diligence processes) that the GBF funding will be fully spent by 30 June 2023.

- 6.7 Southend-on-Sea City Council has reported high levels of interest in the No Use Empty South Essex project, with repeat enquiries being received from local developers. Momentum appears to have been generated by word of mouth as developers already involved in the project recommend it as a way to help kick start new builds and conversion of empty commercial premises. This mirrors the experience of Kent County Council who, after running the No Use Empty initiative for a number of years, have a very strong developer pipeline.
- 6.8 As spend of the Getting Building Fund funding draws to a conclusion, Southend-on-Sea City Council are seeking drawdown of the £1m GPF funding allocation. Strong interest in the initiative is continuing, with an initial 4 applications coming forward seeking a total of £450,000 of the GPF funding. These 4 applications are in the early stages of the application process, and will be subject to required due diligence and legal processes before Southend-on-Sea City Council are in a position to release the funding.
- 6.9 The 4 applications which are currently being considered are larger in scope than the schemes supported through the Getting Building Fund funding and are seeking higher value loans than originally anticipated by Southend-on-Sea City Council. It has been reported that smaller owner/developers are more likely to drop out of the application process due to the high levels of due diligence required, with larger developers more likely to complete the application process. Whilst larger schemes have the potential to deliver greater economic benefits, they are more complex in nature and take additional time to process.
- 6.10 Due to the decision to use the Getting Building Fund funding in advance of the GPF funding, the project is no longer able to meet the repayment schedule as set out in the project Business Case. It is now expected that all GPF funded No Use Empty South Essex loans will be issued in 2023/24, with a 3 year repayment period, allowing full repayment of the GPF loan in 2026/27 (as set out in Table 2).
- 6.11 In addition, as set out in Section 6.4 of this report, it was originally expected that the GPF funding would be drawn down in 2021/22 and 2022/23. Due to prioritising the spend of the Getting Building Fund funding, the GPF funding allocation continues to be held by Essex County Council (as Accountable Body for SELEP). The Board are therefore also asked to note the change in the drawdown schedule, as set out in Table 2 below.

Table 2: Revised drawdown and proposed revised repayment schedule for the No Use Empty South Essex project

	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	Total
Drawdown schedule							
Original	£0.4m	£0.6m	-	-	-	-	£1.0m
Revised	-	-	£1.0m	-	-	-	£1.0m
Repayment schedule							
Original	-	-	-	£0.4m	£0.6m	-	£1.0m
Revised	-	-	-	-	-	£1.0m	£1.0m

6.12 As the project is no longer able to comply with the repayment schedule previously agreed by the Board, it is necessary for the proposed revised repayment schedule to be agreed before the GPF funding can be released by Essex County Council (as Accountable Body for SELEP). If the Board choose not to agree the revised repayment schedule, it will not be possible for the project to continue and the Strategic Board will be asked to agree the removal of the project from the GPF programme.

7. Financial Implications (Accountable Body Comments)

- 7.1 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. GPF is a capital grant awarded by Government to be operated as a recyclable loan scheme.
- 7.2 A total of £12.360m GPF was held by the Accountable Body at the end of 2022/23. Of this balance, £9.61m is uncommitted increasing to £14.925m uncommitted balance for 2023/24, should all loan repayments be received in line with current Board decisions and credit agreements in place.
- 7.3 The existing GPF project pipeline has now been expended, however, the Board has agreed the principles for a new round of GPF funding, in February 2023; however, as set out in section 3.8, the future arrangements are planned to be discussed by the Strategic Board in July 2023. From a sustainability perspective, it is essential that any new scheme should look to be self-financing moving forward and can operate as cost effectively as possible; therefore, learning the lessons from existing investments is key to ensure that the risk to the fund is reduced as far as possible. Any new scheme must meet the requirements of the SELEP Assurance Framework, particularly with respect to agreeing an approach to prioritisation and assuring value for money.
- 7.4 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. It is a requirement 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 by the Accountability Board in advance of any default in repayment.

- 7.5 One project is seeking agreement of a revised repayment profile; this is considered below:

No Use Empty South Essex

- 7.5.1 The credit agreement between Southend-on-Sea City Council and Essex County Council as the Accountable Body for the SELEP, requires for repayment of £400,000 of the loan value in 2024/25 and £600,000 in 2025/26. The repayment profile is requested to be amended to allow for a delay in repayment to 31st March 2027 for the full value of the loan.
- 7.5.2 The credit agreement sets out that if the Borrower, in this case, Southend-on-Sea City Council, fails to pay any amount payable by it to the Accountable Body on its due date, interest shall accrue on the overdue amount from the due date up to the date of actual payment at a rate which is up to 2 per cent higher than the rate which would have been payable if the overdue amount had been paid in accordance with the agreed repayment schedule.
- 7.6 It will be for Southend-on-Sea City Council to ensure that they can continue to meet the requirements of the credit agreements, including meeting any requirements of the Subsidy Control Act, in accepting the extension for the repayment of the loan as set out in this report.
- 7.7 The impact of agreeing the delay in repayments on the overall GPF scheme is that it reduces the amount that can be made available to be reinvested through the next round of the recyclable loan scheme. The requested repayment delay aligns within the timescales of other GPF extensions agreed by the Board, however, as there is uncertainty with respect to the future of the LEP (see agenda item 5), it places into question the overall position of the GPF programme. At this point, as no decisions have yet been made to give certainty with respect to any future arrangements for the GPF programme, it is considered that where extensions are consistent with other decisions made by the Board, this uncertainty should not be a barrier to the decision.
- 7.8 The Board are advised to continue to monitor the status of all existing GPF projects in terms of delivery status, outcomes and loan repayment assurances. Reprofitting requests from GPF projects and repayment risks that are highlighted in reporting, may result in a delay in the amount of GPF repaid by projects and may reduce the amount of GPF available for reinvestment in future years.
- 7.9 It is continued to be noted that actual delivery of jobs and homes reported to date remain out of line with the expected levels identified in the business cases for most completed projects and there has been some evaluation of

why delivery of outcomes is lower than expected. This should continue to form part of the on-going monitoring with reasons for under delivery explained fully to the Board. This is critical post pandemic and with current economic pressures from increasing inflation and Brexit related issues, to help monitor the economic impact of the crisis on the SELEP region and project outcomes. Where appropriate, these evaluations should be used to inform future business case estimations of growth to ensure there is not a pattern of over-ambition.

8. Legal Implications (Accountable Body Comments)

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

9. Equality and Diversity implications (Accountable Body Comments)

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

mitigating factors where an impact against any of the protected characteristics has been identified.

10. List of Appendices

- 10.1 Appendix A – GPF Project Update
- 10.2 Appendix B – GPF Repayment Schedule
- 10.3 Appendix C – GPF Drawdown Schedule
- 10.4 Appendix D – COVID-19 impacts

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

Role	Date
Accountable Body sign off	
Michael Neumann	07/06/2023
(On behalf of Nicole Wood, S151 Officer, Essex County Council)	

Growing Places Fund Update Appendix A				Deliverability and Risk						
Name of Project	Upper Tier Local Authority	GPF Round	Description	Current Status	Delivery Risk	GPF Spend Risk	Repayment Risk	Delivery of Project outcomes	Other Risks	Overall Project Risk
Green Hydrogen Generation Facility	Kent	Round Three	The project involves the construction of the UK's largest zero carbon hydrogen production system. This will be situated in Herne Bay, Kent and will be powered by way of a direct connection to the on-land substation for the existing Vattenfall offshore wind farms. The GPF funding will be used to purchase equipment for hydrogen production facility (electrolysers and compressors), specialised tube trailers for storage and distribution of hydrogen and hydrogen refuelling systems which are installed within the SELEP region.	A preferred engineering contractor has been identified and concept engineering design work has been undertaken. Discussions are ongoing with potential suppliers. Site clearance was expected to take place before April 2022, however, this has been delayed to allow time for the design to progress. The wind farm due to be used to support the production of hydrogen needs to be upgraded and safety issues have been identified with some of the wind turbines. Work is ongoing to address this issue but in the meantime, alternative options are being considered by the delivery partner to ensure that the project can progress as planned.	The programme has been delayed as a result of COVID-19. In addition, Brexit is likely to impact on delivery timescales for materials and equipment. There is also intense interest in the hydrogen economy which has resulted in longer than expected response times from suppliers. The safety issues identified with the wind turbines are also causing a delay to project delivery.	Construction has been delayed as a result of COVID-19 impacts on engagement with service and equipment suppliers. The risk has been mitigated via an accelerated procurement process. However, issues with the wind turbines continue to delay project delivery, increasing the GPF spend risk.	No repayment risk identified. Increasing levels of demand for green hydrogen in the region is expected to enable timely repayment of the GPF funding.	Project outcomes will be delivered as per the Business Case following project delivery.	Risk of fluctuation in the electricity and natural gas markets has materialised, with a similar effect on the market price of hydrogen. Required upgrade to wind turbines and the associated risks identified are delaying delivery of the project.	Construction has been delayed due to COVID-19 impacts and the need to upgrade the existing wind farm. Project outcomes still expected to be delivered as per the Business Case.
Centre for Advanced Engineering	Essex	Round Two	Development of a new Centre of Excellence for Advanced Automotive and Process Engineering (CAAPE) through the acquisition and fit out of over 8,000sqm, on an industrial estate in Leigh on Sea. The project will also facilitate the vacation of the Nethermayne site in Basildon, which has been identified for the development of a major regeneration scheme.	Phase 1 completed and operational for start of 2018/19 academic year including motor vehicle and engineering. Phase 2 was completed in November 2018, allowing student enrolment from December 2018. The project was completed on time, to quality and within the revised budget. Revised repayment schedule agreed in November 2021.	Project delivered	GPF funding spent in full	Revised repayment schedule approved by the Board in November 2021. Ability to repay in accordance with this schedule will be considered through annual updates to the Board. The update provided to the Board in November 2022 identified a number of repayment risks. No subsequent update on these repayment risks has been provided.	Initial project outcomes reported including new learners, apprentices and new jobs created but no further updates have been provided.		No updates provided on the identified repayment risks or the realisation of forecast project outcomes.
No Use Empty South Essex	Southend	Round Three	The No Use Empty Commercial project aims to return long-term empty commercial properties to use, for residential, alternative commercial or mixed-use purposes. In particular, it will focus on town centres, where secondary retail and other commercial areas have been significantly impacted by changing consumer demand and have often been neglected as a result of larger regeneration schemes.	The Growing Places Loan agreement has now been completed. No funding has been drawn down to date as spend of the GBF funding awarded to support project delivery has been prioritised.	A pipeline of projects has been established.	Required due diligence and legal processes are taking longer than anticipated which may increase the GPF spend risk.	Due to delays in commencing the project, a revised repayment schedule has been brought forward for Board consideration at this meeting. The revised repayment schedule must be agreed before the funding can be released.	A pipeline of projects has been developed and therefore it is expected that the forecast project outcomes will be achieved.		Project has not yet commenced. Revised repayment schedule required due to delay in commencing the project.
North Queensway	East Sussex	Round One	The project has delivered the construction of a new junction and preliminary site infrastructure in order to open up the development of a new business park providing serviced development sites with the capacity for circa 16,000m ² (gross) of high quality industrial and office premises.	GPF invested, project complete and full repayment made. None of the forecast project benefits have been realised to date. A further update on the project will be provided at a future meeting when East Sussex County Council and Sea Change Sussex have confirmed an agreed position with regard to next steps for securing the forecast project benefits.	GPF funded enabling works complete	GPF funding spent in full	GPF repaid in full	No project outcomes realised to date.		The GPF funded enabling works have been completed, however, no commercial workspace has been brought forward to date and therefore no benefits have been realised.

Growing Places Fund Update Appendix A				Deliverability and Risk						
Name of Project	Upper Tier Local Authority	GPF Round	Description	Current Status	Delivery Risk	GPF Spend Risk	Repayment Risk	Delivery of Project outcomes	Other Risks	Overall Project Risk
Barnhorn Green Commercial and Health Development	East Sussex	Round Three	Barnhorn Green is an allocated employment and health zone adjacent to a large housing development in Bexhill. Development of the site is required to ensure that housing growth in the area is sustainable through the provision of jobs and primary healthcare. Outline planning permission has been granted for 2,750 sqm of office accommodation, 750 sqm of light industrial workspace and 700 sqm for a GP surgery.	The Growing Places Loan agreement has now been completed. No funding has been drawn down to date. A review of the project is currently being undertaken to assess the impact of potential increased construction costs and the effect of interest rates/inflation on the project. It is still expected that the GPF funding will be required but a more detailed update will be provided to the September Board meeting.	A review of the project to assess the impact of increasing construction costs and rising interest rates and inflation is in progress.	GPF funding has not yet been drawn down. Spend of the GPF funding will be dependent upon the outcome of the current project review.	It is likely that the repayment schedule will need to be revised due to the delay in progressing the project. This change will need to be agreed prior to the funding being released.	Realisation of project outcomes is dependent upon the outcome of the current review and a final decision as to whether the project progresses to delivery.		A review of the project is currently in progress.
Colchester Northern Gateway	Essex	Round Two	This development is located at Cuckoo Farm, off Junction 28 of the A12. The overall scheme consists of: relocation of the existing Colchester Rugby club site to land north of the A12 which will unlock residential land for up to 560 homes, providing in total around 35% affordable units and on site infrastructure improvements facilitating the development of the Sports and Leisure Hub.	The GPF supported phase of the project has been completed and the GPF funding has been repaid in full.	There is no delivery risk in relation to the GPF funded element of the project, however, delivery of the wider project has been impacted by delays in bring forward required highway works.	GPF funding spent in full. In November 2021, Board approved the reduction in value of the GPF loan to £1.35m	Full repayment of the GPF funding has been made.	Realisation of forecast project outcomes is dependent upon delivery of the wider project.	The site is expected to include some commercial development. As a result of the COVID-19 pandemic, there is likely to be a reduced demand for commercial space and therefore these works may be further delayed.	GPF funded works delivered and GPF funding repaid in full. However, delivery of wider project and realisation of forecast outcomes impacted by delays in bringing forward the required highway works.
Workspace Kent	Kent	Round One	The project aims to provide funds to businesses to establish incubator areas/facilities across Kent. The project provides funds for the building of new facilities and refit of existing facilities.	There are five projects within this programme. Of these, one project has recently been approved for funding, two projects have been completed and have repaid in full and one project has agreed a revised repayment schedule with Kent County Council due to the impacts of the COVID-19 pandemic. The remaining project has partially repaid the funding but the company has now been dissolved and there are no further means to recover the outstanding balance. Write off of the outstanding balance owed by this company (£18,767) was agreed by the Board in November 2021.	All GPF funding has now been allocated to approved projects, however, delivery of the final project has been delayed whilst a review of construction costs is undertaken.	The final project (recently approved) is currently carrying out a review of construction costs given the current economic climate. The loan cannot be finalised until this review has been completed and the masterplan for the site finalised. It is now expected that the funding will be defrayed in Q2 2023/24.	Two of the five projects have now completed and repaid in full, with a third partially repaying prior to dissolution of the company. The fourth project is due to restart payments in July 2023 following a short repayment holiday.	Two projects repaid in advance of their agreed final repayment date, and therefore the forecast job creation to be achieved within the contractual period of 5 years could not be achieved. Additional outcomes will be delivered as a result of the recently approved final project and therefore forecast project outcomes should still be achieved.		All the GPF funding has been allocated to approved projects, however, finalisation and delivery of the final project has been delayed.
Chatham Waterfront	Medway	Round One	The project will deliver land assembly, flood mitigation and the creation of investment in public space required to enable the development of proposals for the Chatham Waterfront Development. A waterfront development site that can provide up to 175 homes over 6 to 10 storeys with ground floor commercial space.	The frames for all 5 blocks of flats are now complete and work is ongoing to complete the build.	Confirmation of the roof design and associated construction has been delayed due to a lack of engagement from the structural engineer. Structured approach to engagement now in place.	The GPF Funding has been spent in full	GPF funding repaid in full	Realisation of forecast project outcomes is dependent upon delivery of the wider project.		Work is continuing onsite to deliver the wider project which will realise the forecast project outcomes.

Growing Places Fund Update Appendix A				Deliverability and Risk						
Name of Project	Upper Tier Local Authority	GPF Round	Description	Current Status	Delivery Risk	GPF Spend Risk	Repayment Risk	Delivery of Project outcomes	Other Risks	Overall Project Risk
Eastbourne Fisherman's Quayside and Infrastructure Development	East Sussex	Round Two	This capital project has secured £1,000,000 European Maritime and Fisheries Fund (EMFF) grant funding to build a Fishermen's Quay in Sovereign Harbour to develop local seafood processing infrastructure to support long term sustainable fisheries and the economic viability of Eastbourne's inshore fishing fleet.	Work commenced onsite on 27th July 2020 and an official ground breaking ceremony was held on 24th August. GPF funded element of the wider project has been completed.	Project delivered	GPF funding has been spent in full	Repayment of £0.1m made in March 2022, rather than £0.25m repayment as per agreed schedule resulting in default on the loan. Significantly extended repayment schedule (running to 2034/35) agreed by the Board at the last meeting. This will be subject to regular reviews to identify any risks to repayment or opportunities to accelerate repayment.	Project has been impacted by Brexit and the COVID-19 pandemic which has resulted in benefits being realised at a slower pace than originally forecast. Challenges have also been encountered meaning the benefits are not safeguarded.		Delivery of project outcomes has been adversely impacted by new Brexit regulations. In addition, an extended revised repayment schedule has been agreed by the Board following a default on the repayment due in 2021/22.
Fitted Rigging House	Medway	Round Two	The Fitted Rigging House project converts a large, Grade 1, former industrial building into office and public benefit space initially providing a base for eight organisations employing over 350 people and freeing up space to create a postgraduate study facility elsewhere onsite for the University of Kent Business School. The project also provides expansion space for the future which has the potential to enable the creation of a high tech cluster based on the work of one core tenant and pre-existing creative industries concentrated on the site. The conversion will provide 3,473m ² of office space.	Building works to the project were complete as of 31st March 2020. The building is now fully occupied, with all 8 tenants operating from their new working spaces. Immediate impacts of the COVID-19 pandemic were experienced, resulting in delays to repayment of the GPF loan.	Project complete.	GPF allocation spent in full.	No update was provided on this project in advance of the Board meeting and therefore the ongoing viability of the agreed repayment schedule cannot be confirmed.	No update was provided on the project in advance of the Board meeting and therefore the likelihood of realising forecast project benefits cannot be confirmed.		No update was provided on the project in advance of the Board meeting and therefore the likelihood of achieving the forecast project benefits and the ongoing viability of the agreed repayment schedule cannot be confirmed.
Herne Relief Road - Bullockstone Road improvement scheme	Kent	Round Three	The proposed Herne Relief Road is formed of two sections: the Bullockstone Road Improvement Scheme and a spine road through the proposed Lower Herne Village at Strode Farm. This project seeks to bring forward the Bullockstone Road Improvement Scheme element of the Relief Road.	Construction commenced onsite in August 2022 and works are progressing well.	Construction contract has been awarded and work has commenced onsite	GPF funding has been spent in full	There is a minor risk that the final development site will be slow to build out, meaning that their S106 contribution may be delayed. This would impact on the repayment of the loan.	It is still expected that the benefits set out in the Business Case will be realised.	Current volatility in the materials market may pose a risk to the budget. The COVID-19 pandemic could potentially impact on availability of workforce but measures are in place to mitigate this risk. Engagement with utility companies has taken longer than anticipated but float has been included in the programme to mitigate this risk.	Project has commenced onsite and will be subject to a shorter delivery programme than that set out in the Business Case. Identified risks will be monitored as the project progresses.

Growing Places Fund Update Appendix A				Deliverability and Risk						
Name of Project	Upper Tier Local Authority	GPF Round	Description	Current Status	Delivery Risk	GPF Spend Risk	Repayment Risk	Delivery of Project outcomes	Other Risks	Overall Project Risk
Innovation Park Medway (southern site enabling works)	Medway	Round Two	<p>The Project is part of a wider package of investment at Innovation Park Medway. The Innovation Park is one of three sites across Kent and Medway which together form the North Kent Enterprise Zone.</p> <p>The vision for Innovation Park Medway is to attract high GVA businesses focused on the technological and science sectors – particularly engineering, advanced manufacturing, high value technology and knowledge intensive industries. These businesses will deliver high value jobs in the area and will contribute to upskilling the local workforce. This is to be achieved through general employment and the recruitment and training of apprentices including degree-level apprenticeships through collaboration with the Higher Education sector.</p> <p>The Project will bring forward site enabling works on the southern site at the Innovation Park.</p>	<p>The Masterplan and Local Development Order (LDO) for Innovation Park Medway have now been adopted by both Medway Council and Tonbridge and Malling Borough Council.</p> <p>The access roads, footpaths, lighting, signage and utilities have been delivered onsite. Architects have been appointed to design the two buildings and the car park which will be located on the site. Marketing of the site is ongoing.</p>	GPF funded enabling works have now been delivered	GPF funding has been spent in full	GPF loan has been repaid in full	<p>The enabling works have been completed and the site is currently being marketed. In a change of approach, it is now intended that Medway Council will bring forward the commercial workspace on the site (subject to securing the required funding), with a view to leasing the space to businesses, rather than businesses building their own workspace.</p>	<p>Procurement of a contractor to deliver the commercial workspace has not yet been undertaken and therefore there remains a risk of significantly increased costs being returned. In addition, funding still needs to be secured to deliver the second building on the site.</p> <p>Lack of interest in leasing the office space could be a risk, however marketing of the site continues, with the first building being designed ready for occupation in September 2024. Terms are being agreed with the first anchor tenant.</p>	<p>The GPF funded enabling works have now been delivered and the GPF funding has been repaid in full. Realisation of project outcomes is now dependent upon Medway Council bringing forward the commercial workspace on the site.</p>
Observer Building, Hastings - Tranche 1	East Sussex	Round Three	<p>The project will support Phase 1 of the full redevelopment of the 4,000 sqm. Observer Building, which has been empty and increasingly derelict for 35 years, into a highly productive mixed-use building, creating new homes, jobs, enterprise space and support.</p>	<p>Planning permission for the proposed works was granted in September 2020.</p> <p>Following a period of value engineering, works commenced onsite and the majority of the works have now been completed.</p> <p>A number of tenants are now in situ on both the Alley Level and in the first floor office spaces.</p>	This is a complex project seeking to address the impacts of 35 years of dereliction. Delivery of the GPF funded works is complete and funding has been secured to support development of the remaining floors in the building.	GPF allocation has been spent in full	<p>The repayment schedule currently remains as set out in the Business Case but the ongoing global economic uncertainty presents a risk which may mean repayment cannot be achieved in line with the current repayment schedule.</p>	<p>It is expected that the Project outcomes will be realised as per the Business Case.</p>	<p>The cost of living crisis may reduce the level of income earned, whilst increasing energy prices may increase the operating costs for the building.</p>	<p>Project is progressing onsite. GPF funding has been spent in full and project outcomes remain as set out in the Business Case. Repayment risk will be monitored following project completion</p>
Observer Building, Hastings - Tranche 2	East Sussex	Round Three	<p>The project will support the full redevelopment of the 4,000 sqm. Observer Building, which has been empty and increasingly derelict for 35 years, into a highly productive mixed-use building, creating new homes, jobs, enterprise space and support.</p>	<p>Growing Places Fund loan agreement completed in December 2021. Full funding allocation drawn down in January 2022.</p> <p>Additional funding will allow sequential delivery of improvements to the upper floors of the building, reducing the need for scaffolding to be removed and replaced at a later date. GPF funded outputs expected to complete by March 2024, however, further funding will be required to ensure that the full project specification can be delivered.</p>	This is a complex project seeking to address the impacts of 35 years of dereliction. Delivery of the GPF funded works is complete and funding has been secured to support development of the remaining floors in the building.	GPF funding has been spent in full	<p>The repayment schedule currently remains as set out in the Business Case but the ongoing global economic uncertainty presents a risk which may mean repayment cannot be achieved in line with the current repayment schedule.</p>	<p>It is expected that the Project outcomes will be realised as per the Business Case.</p>	<p>The cost of living crisis may reduce the level of income earned, whilst increasing energy prices may increase the operating costs for the building.</p>	<p>Project is progressing onsite. Project outcomes remain as set out in the Business Case. Repayment risk will be monitored following project completion</p>
Bexhill Business Mall	East Sussex	Round One	<p>The Bexhill Business Mall (Glover's House) project has delivered 2,345m² of high quality office space with the potential to facilitate up to 299 jobs. This is the first major development in the Bexhill Enterprise Park in the A259/A21 growth corridor.</p>	<p>Glover's House has been delivered.</p> <p>The building has been sold which allowed full repayment of the GPF loan to be made during 2019/20.</p>	Project Complete	Project Complete	GPF funding repaid in full	<p>As the building has now been sold, it is difficult to obtain real-time data regarding the number of jobs created as a result of the project.</p>		<p>Project completed and GPF repaid in full</p>
Chelmsford Urban Expansion	Essex	Round One	<p>The early phase of development in NE Chelmsford involves heavy infrastructure demands constrained to 1,000 completed dwellings. The fund will help deliver an improvement to the Boreham Interchange, allowing the threshold to be raised to 1,350, improving cash flow and the simultaneous commencement of two major housing schemes.</p>	<p>GPF invested and GPF has been repaid in full.</p>	GPF element of the project complete but delivery of the wider project is continuing.	GPF element of the project complete	GPF element of the project complete and loan repaid in full.	<p>Expected project outcomes not yet delivered. Information is being provided on the number of houses delivered and the number of jobs created.</p>		<p>GPF element of the project complete</p>

Growing Places Fund Update Appendix A				Deliverability and Risk						
Name of Project	Upper Tier Local Authority	GPF Round	Description	Current Status	Delivery Risk	GPF Spend Risk	Repayment Risk	Delivery of Project outcomes	Other Risks	Overall Project Risk
Grays Magistrates Court	Thurrock	Round One	The project has converted the Magistrates Court to business space as part of a wider Grays South regeneration project which aims to revitalise Grays town centre.	GPF invested, project complete and repayment made in full. The refurbished building is now in use and having a positive impact in the town centre.	Project Complete	GPF funding spent in full	GPF funding repaid in full	Project outcomes delivered.	COVID-19 is likely to impact on the economy and therefore there may be reduced occupancy of the business space in the short term.	Project delivered.
Harlow West Essex	Essex/Harlow	Round One	To provide new and improved access to the London Road site designated within the Harlow Enterprise Zone.	Project delivered to a reduced scope.	Project Complete	Project Complete	GPF funding repaid in full	The job and housing outcomes are likely to be delivered over a 7 to 10 year period. As project delivered to a reduced scope, approximately 1,000 less jobs will be delivered as a result of the project.		Further works in the programme are ongoing in Harlow that will help improve the overall viability and attractiveness of the Enterprise Zone.
Javelin Way development project	Kent	Round Two	The project aims to develop the Javelin Way site for employment use, with a focus on the development of Ashford's creative economy. The project consists of two elements: the construction of a 'creative laboratory' production space and the development of 29 light industrial units.	The project has secured Getting Building Fund investment to bridge a viability gap which has arisen as a result of COVID-19 impacts on the property market. Further GBF funding was awarded to help mitigate the impact of increasing costs. Construction is now complete, and tenants have commenced fit out of the industrial units. Official opening of the JVC Building took place on 7 December 2022.	Construction is now complete	GPF funding spent in full as construction is now complete.	Revised repayment schedule approved by the Board in February 2021 to mitigate impact on sales value/market for industrial units.	Delivery of project outcomes may be delayed depending upon the impact of COVID-19 on the sales of the light industrial units, however, it is still expected that the project outcomes will be as set out in the Business Case.	Project has been delayed due to long lead-in times for the required utility works but these have now been completed.	Construction is now complete and the industrial units are being handed over to tenants/owners. The impact of the COVID-19 pandemic on the ability to meet the project outcomes as set out in the Business Case will be monitored.
Live Margate	Kent	Round One	Live Margate is a programme of interventions in the housing market in Margate and Cliftonville, which includes the acquisition of poorly managed multiple occupancy dwellings and other poor quality building stock and land to deliver suitable schemes to achieve the agreed social and economic benefits to the area.	"Phase 1" has been completed. "Phase 2" is underway. Approach to Phase 2 of the project has changed and will now focus on addressing more poor quality building stock, rather than taking forward the site previously reported as acquired by Kent County Council. This change has been implemented following delays in bringing forward the planned work on the acquired site. To date 86 units have been completed and occupied.	There is no identified delivery risk following the change in approach to Phase 2 of the project	GPF spend is expected to increase in 2023/24 as the final funds are used to address poor quality housing stock.	COVID-19 has impacted on the construction sector and the time required to return derelict homes back into use. In addition, the COVID-19 pandemic has had an impact on sales values of homes. A revised repayment schedule was agreed by the Board in November 2020. Repayments continue to be made in accordance with this repayment schedule.	From the land and sites identified, and positive engagement of partners, there is now greater certainty that the target of 89 homes will be exceeded by 2024/25.		Project is progressing well following change to Phase 2 of the project. Project is expecting to exceed the project outcomes set out in the Business Case.

Growing Places Fund Update Appendix A				Deliverability and Risk						
Name of Project	Upper Tier Local Authority	GPF Round	Description	Current Status	Delivery Risk	GPF Spend Risk	Repayment Risk	Delivery of Project outcomes	Other Risks	Overall Project Risk
No Use Empty Commercial Phase II	Kent	Round Three	The No Use Empty Commercial project aims to return long-term empty commercial properties to use, for residential, alternative commercial or mixed-use purposes. In particular, it will focus on town centres, where secondary retail and other commercial areas have been significantly impacted by changing consumer demand and have often been neglected as a result of larger regeneration schemes.	16 projects have been approved in Canterbury, Dover, Faversham, Folkestone, Herne Bay, Hythe, Margate, Sheerness, Sittingbourne and Ramsgate. These projects are expected to return 20 empty commercial units back into use and create 51 residential units. Discussions are ongoing regarding 3 potential new projects in Dover, Lyminge and Sheerness. Approval for accelerated drawdown of £500,000 GPF originally forecast for drawdown in 2023/24 was granted at the July 2022 Board meeting.	The first 16 projects are in contract. Discussions are ongoing regarding a further 3 projects, which if approved will use all remaining GPF funding.	No identified GPF spend risk. Approval for accelerated drawdown of GPF funding was received at the July 2022 Board meeting.	The project is in the early stages but no repayment risk identified to date.	There was a concern that the impact of COVID-19 on the High Street could result in fewer large commercial premises coming forward for redevelopment. However, the project is progressing well with minimal publicity and developers are considering reducing the size of larger units to convert into more marketable space for independent retail opportunities.		Project is progressing well and accelerated drawdown of GPF funding has been agreed to support project delivery.
Priory Quarter Phase 3	East Sussex	Round One	The Priory Quarter (Havelock House) project is a major development in the heart of Hastings town centre which has delivered 2,247m ² of high quality office space with the potential to facilitate up to 440 jobs.	The Priory Quarter (Havelock House) project is now complete and has delivered 2,247m ² of high quality office space. Havelock House has now been sold, which enabled full repayment of the GPF loan prior to the end of 2018/19.	Project Complete	Project Complete	Havelock House has been sold enabling full repayment to be made in 2018/19.	As the building has now been sold, it is difficult to obtain real-time data regarding the number of jobs created as a result of the project.		Project completed and GPF repaid in full
Rochester Riverside	Medway	Round One	The project will deliver key infrastructure investment including the construction of the next phase of the principal access road, public space and site gateways. This development is to be completed over 7 phases and should take approximately 12 years. The scheme will include: 1,400 new homes (25% of which are affordable), a new 1 form entry primary school, 2,200 sqm of new office & retail space, an 81 bed hotel and 10 acres of public open space.	The first housing units were completed in Q2 of 2019, with a total of 443 homes now occupied on the site. Commercial units have also been completed and are fully occupied. Work continues to deliver later phases of residential development and the primary school.	This project is already on site and the S106 agreement was signed at the end of January 2018. Phases 1 and 2 have been completed and Phase 3 is well underway	The GPF Funding has already been spent	The GPF funding has been repaid in full.	Realisation of full forecast project outcomes is dependent upon delivery of the wider project. Work is ongoing onsite.	Delivery of the primary school has been delayed due to issues with the selected contractor, however, work is back on track with the school expected to complete by September 2023	Overall the project is on track to deliver outputs and outcomes.
Sovereign Harbour	East Sussex	Round One	The Pacific House project has delivered 2,345m ² of high quality office space with the potential to facilitate up to 299 jobs. This is the first major development in the Sovereign Harbour Innovation Park in the A22/A27 growth corridor.	The Sovereign Harbour Innovation Mall (Pacific House) project is now complete and has delivered 2,345m ² of high quality office space.	Project Complete	GPF funding spent in full	Repayment of the remaining balance owed on the loan was expected to be achieved through the sale of the building. This could not be achieved by March 2023 and therefore a revised repayment schedule was agreed at the last Board meeting. Ongoing discussions taking place between Sea Change Sussex and East Sussex County Council.	The building has been completed and high occupancy levels have been reported.		Project has been delivered and building currently has high occupancy levels. However, there has been a need for a revised repayment schedule to be agreed by the Board.

Growing Places Fund Update Appendix A				Deliverability and Risk						
Name of Project	Upper Tier Local Authority	GPF Round	Description	Current Status	Delivery Risk	GPF Spend Risk	Repayment Risk	Delivery of Project outcomes	Other Risks	Overall Project Risk
Charleston Centenary	East Sussex	Round Two	The Charleston Trust have created a café-restaurant in the Threshing Barn on the farmhouse's estate. This work is part of a wider £7.6m multi-year scheme – the Centenary Project – which aims to transform the operations of the Charleston Farmhouse museum.	The GPF funded works on the café-restaurant are now complete and the café-restaurant is open. Immediate impacts of the COVID-19 pandemic were experienced, resulting in delays to repayment of the GPF loan.	Project complete	GPF funds spent	Following impacts of COVID-19, a revised repayment schedule was approved by the Board in July 2020. Repayment plans remain in line with the agreed revised repayment schedule.	Significant benefits have been realised since completion of the Centenary Project. Impacted by COVID-19 pandemic but steps have been taken to try and ensure recovery from 2021 onwards - including use of GBF funding to improve access to the site		Project delivered. Revised repayment schedule agreed as a result of the immediate impacts of the COVID-19 pandemic on the tourism industry.
No Use Empty Commercial Phase I	Kent	Round Two	The No Use Empty Commercial project aims to return long-term empty commercial properties to use, for residential, alternative commercial or mixed-use purposes. In particular, it will focus on town centres, where secondary retail and other commercial areas have been significantly impacted by changing consumer demand and have often been neglected as a result of larger regeneration schemes.	The project has contracted with 12 projects in Dover, Folkestone and Margate. To date, 15 commercial and 26 residential units have been brought back into use as a result of the project. A further 2 residential units may be delivered at a later date.	Delivery of the project is complete. Delivery of the remaining residential units require further planning approvals and therefore sit outside the scope of the project.	GPF funding spent in full. In November 2021, Board approved the reduction in value of the GPF loan to £1.35m	GPF repaid in full	The project has delivered 30 new jobs and 26 new homes - exceeding the number of outcomes stated in the Business Case.		The project has completed and the GPF funding has been repaid in full.
No Use Empty Residential	Kent	Round Three	The No Use Empty Initiative seeks to improve the physical urban environment in Kent by bringing empty properties back into use as quality housing accommodation and by raising awareness of the issues surrounding empty properties, highlighting the problems they cause to local communities. This objective is achieved through the provision of short-term secured loans (up to 3 years) to property owners.	The Growing Places Fund loan agreement has now been completed by all parties and the funding released to Kent County Council. There is a healthy pipeline of projects for 2022/23 and further publicity around the initiative is planned. The first 20 projects under this funding stream are now in contract.	Delivery of the project is progressing well, and is supported by a strong track record of delivery.	GPF spend commenced in Q1 2022/23 following completion of the contracts relating to the initial projects and has been steadily increasing since.	No repayment risk identified to date. A sizeable proportion of the funding was allocated during 2022/23 which should help mitigate any risk of late repayment against the repayment schedule.	It is expected that benefits will be realised as per the Business Case.	Project experiencing an increase in the volume of loan applications. Risk of delays mitigated through appointment of an additional member of staff.	Project is progressing well.
Parkside Office Village	Essex	Round One	SME Business Units at the University of Essex. Phase 1, 14,032 sqft.; 1,303sqm lettable space, build complete June 2014. Phase 1a 3,743 sqft.; 348 sqm - complete September 2016.	Project complete and GPF funding repaid in full.	Project Complete	Project Complete	Project Complete and loan repaid in full.	Forecast project benefits now realised		Project Complete and expected project outcomes delivered.
Wine Innovation Centre	Kent	Round Three	This project supports the development of a facility to host a wine innovation centre at the East Malling Estate. This will be the first UK research vineyard and will support Kent's wine sector to develop as a global leader in innovation. The GPF will enable the ground and foundations work as well as installation of utilities and services and construction and fit out of building.	Delivery of the project has now been completed and the GPF funding has been spent in full.	Project complete	GPF funding spent in full	It is expected that repayment will be made in line with the agreed repayment schedule	Initial information on project outcomes provided.		Project delivery is now complete
Discovery Park	Kent	Round One	The proposal is to develop the Discovery Park site and create the opportunity to build both houses and commercial retail facilities.	The project promoter has informed Kent County Council that they no longer wish to proceed with the GPF loan and therefore the project has been removed from the GPF programme. The GPF funding has been repaid in full by Kent County Council and has been reallocated through GPF round 3.	Project removed from the GPF programme	Project removed from the GPF programme	Project removed from the GPF programme	Project removed from the GPF programme	Project removed from the GPF programme	Project removed from the GPF programme
Harlow EZ Revenue Grant	n/a	n/a		n/a						
Revenue admin cost drawn down	n/a	n/a		n/a						

Appendix B - Growing Places Fund Repayment Schedule

Name of Project	Upper Tier Local Authority	Total Allocation	Total Drawn Down to date	Total Spent to Date	Total Repaid by 31st March 2023	2023/24 total	2024/25 total	2025/26 total	2026/27 total	2027/28 total	2028/29 total	2029/30 total	2030/31 total	2031/32 total	2032/33 total	2033/34 total	2034/35 total	Total
Revenue admin cost drawn down	n/a	2,000	2,000	2,000														2,000
Harlow EZ Revenue Grant	n/a	1,244,000	1,244,000	1,244,000														1,244,000
Round 1 Projects																		
Priory Quarter Phase 3	East Sussex	7,000,000	7,000,000	7,000,000	7,000,000	-	-	-	-	-	-	-	-	-	-	-	-	7,000,000
North Queensway	East Sussex	1,500,000	1,500,000	1,500,000	1,500,000	-	-	-	-	-	-	-	-	-	-	-	-	1,500,000
Rochester Riverside	Medway	4,410,000	4,410,000	4,410,000	4,410,000	-	-	-	-	-	-	-	-	-	-	-	-	4,410,000
Chatham Waterfront	Medway	2,999,042	2,999,042	2,999,042	2,999,042	-	-	-	-	-	-	-	-	-	-	-	-	2,999,042
Bexhill Business Mall	East Sussex	6,000,000	6,000,000	6,000,000	6,000,000	-	-	-	-	-	-	-	-	-	-	-	-	6,000,000
Parkside Office Village	Essex	3,250,000	3,250,000	3,250,000	3,250,000	-	-	-	-	-	-	-	-	-	-	-	-	3,250,000
Chelmsford Urban Expansion	Essex	1,000,000	1,000,000	1,000,000	1,000,000	-	-	-	-	-	-	-	-	-	-	-	-	1,000,000
Grays Magistrates Court	Thurrock	1,400,000	1,400,000	1,400,000	1,400,000	-	-	-	-	-	-	-	-	-	-	-	-	1,400,000
Sovereign Harbour	East Sussex	4,600,000	4,600,000	4,600,000	1,025,000	3,575,000	-	-	-	-	-	-	-	-	-	-	-	4,600,000
Workspace Kent	Kent	1,500,000	1,500,000	1,437,000	1,246,633	-	-	-	234,600	-	-	-	-	-	-	-	-	1,481,233
Harlow West Essex	Essex/Harlow	1,500,000	1,500,000	1,500,000	1,500,000	-	-	-	-	-	-	-	-	-	-	-	-	1,500,000
Discovery Park	Kent	5,300,000	5,300,000	-	5,300,000	-	-	-	-	-	-	-	-	-	-	-	-	5,300,000
Live Margate	Kent	5,000,000	5,000,000	4,419,600	2,500,000	1,000,000	1,500,000	-	-	-	-	-	-	-	-	-	-	5,000,000
Sub Total		46,705,042	46,705,042	40,761,642	39,130,675	4,575,000	1,500,000	-	234,600	-	-	-	-	-	-	-	-	46,686,275
Round 2 Projects																		
Colchester Northern Gateway	Essex	1,350,000	1,350,000	1,350,000	1,350,000	-	-	-	-	-	-	-	-	-	-	-	-	1,350,000
Charleston Centenary	East Sussex	120,000	120,000	120,000	40,000	40,000	40,000	-	-	-	-	-	-	-	-	-	-	120,000
Eastbourne Fisherman's Quay and Infrastructure Development	East Sussex	1,150,000	1,150,000	1,150,000	325,000	-	36,400	65,200	70,000	74,800	82,400	86,400	86,400	86,400	86,400	86,400	64,200	1,150,000
Centre for Advanced Automotive and Process Engineering	South Essex	2,000,000	2,000,000	2,000,000	-	-	-	1,000,000	1,000,000	-	-	-	-	-	-	-	-	2,000,000
Fitted Rigging House	Medway	550,000	550,000	550,000	100,000	100,000	150,000	200,000	-	-	-	-	-	-	-	-	-	550,000
Javelin Way Development	Kent	1,597,000	1,597,000	1,597,000	-	500,000	500,000	597,000	-	-	-	-	-	-	-	-	-	1,597,000
Innovation Park Medway	Medway	650,000	650,000	650,000	650,000	-	-	-	-	-	-	-	-	-	-	-	-	650,000
No Use Empty Commercial Phase I	Kent	1,000,000	1,000,000	1,000,000	1,000,000	-	-	-	-	-	-	-	-	-	-	-	-	1,000,000
Sub Total		8,417,000	8,417,000	8,417,000	3,465,000	640,000	726,400	1,862,200	1,070,000	74,800	82,400	86,400	86,400	86,400	86,400	86,400	64,200	8,417,000
Round 3 Projects																		
Wine Innovation Centre	Kent	600,000	600,000	600,000	-	100,000	250,000	250,000	-	-	-	-	-	-	-	-	-	600,000
Green Hydrogen Generation Facility	Kent	3,470,000	3,470,000	-	-	-	350,000	3,120,000	-	-	-	-	-	-	-	-	-	3,470,000
Observer Building, Hastings - Tranche 1	East Sussex	1,750,000	1,750,000	1,750,000	-	-	-	1,750,000	-	-	-	-	-	-	-	-	-	1,750,000
Barnhorn Green Commercial and Health Development - Phase 1	East Sussex	1,750,000	-	-	-	-	-	1,750,000	-	-	-	-	-	-	-	-	-	1,750,000
No Use Empty Commercial Phase II	Kent	2,000,000	2,000,000	1,700,000	-	-	750,000	750,000	500,000	-	-	-	-	-	-	-	-	2,000,000
No Use Empty South Essex	Southend	1,000,000	-	-	-	-	-	-	1,000,000	-	-	-	-	-	-	-	-	1,000,000
Herne Relief Road	Kent	3,500,000	3,500,000	3,500,000	-	-	-	3,500,000	-	-	-	-	-	-	-	-	-	3,500,000
Observer Building, Hastings - Tranche 2	East Sussex	1,616,500	1,616,500	1,616,500	-	-	-	1,616,500	-	-	-	-	-	-	-	-	-	1,616,500
No Use Empty Residential	Kent	2,500,000	2,500,000	817,000	-	-	-	1,250,000	1,250,000	-	-	-	-	-	-	-	-	2,500,000
Sub Total		18,186,500	15,436,500	9,983,500	-	100,000	1,350,000	13,986,500	2,750,000	-	-	-	-	-	-	-	-	18,186,500
Total		73,308,542	70,558,542	59,162,142	42,595,675	5,315,000	3,576,400	15,848,700	4,054,600	74,800	82,400	86,400	86,400	86,400	86,400	86,400	64,200	73,289,775

Appendix C - Growing Places Fund Drawdown Schedule

Name of Project	Upper Tier Local Authority	Total Allocation	Total drawn down to end 2022/23	2023/24 total	Total scheduled for drawdown
Round 1 Projects					
Priory Quarter Phase 3	East Sussex	7,000,000	7,000,000	-	7,000,000
North Queensway	East Sussex	1,500,000	1,500,000	-	1,500,000
Rochester Riverside	Medway	4,410,000	4,410,000	-	4,410,000
Chatham Waterfront	Medway	2,999,042	2,999,042	-	2,999,042
Bexhill Business Mall	East Sussex	6,000,000	6,000,000	-	6,000,000
Parkside Office Village	Essex	3,250,000	3,250,000	-	3,250,000
Chelmsford Urban Expansion	Essex	1,000,000	1,000,000	-	1,000,000
Grays Magistrates Court	Thurrock	1,400,000	1,400,000	-	1,400,000
Sovereign Harbour	East Sussex	4,600,000	4,600,000	-	4,600,000
Workspace Kent	Kent	1,500,000	1,500,000	-	1,500,000
Harlow West Essex	Essex/Harlow	1,500,000	1,500,000	-	1,500,000
Discovery Park	Kent	5,300,000	5,300,000	-	5,300,000
Live Margate	Kent	5,000,000	5,000,000	-	5,000,000
Sub Total		45,459,042	45,459,042	-	45,459,042
Round 2 Projects					
Colchester Northern Gateway	Essex	1,350,000	1,350,000	-	1,350,000
Charleston Centenary	East Sussex	120,000	120,000	-	120,000
Eastbourne Fisherman's Quay and Infrastructure Development	East Sussex	1,150,000	1,150,000	-	1,150,000
Centre for Advanced Automotive and Process Engineering	South Essex	2,000,000	2,000,000	-	2,000,000
Fitted Rigging House	Medway	550,000	550,000	-	550,000
Javelin Way Development	Kent	1,597,000	1,597,000	-	1,597,000
Innovation Park Medway	Medway	650,000	650,000	-	650,000
No Use Empty Commercial Phase I	Kent	1,000,000	1,000,000	-	1,000,000
Sub Total		8,417,000	8,417,000	-	8,417,000
Round 3 Projects					
Wine Innovation Centre	Kent	600,000	600,000	-	600,000
Green Hydrogen Generation Facility	Kent	3,470,000	3,470,000	-	3,470,000
Observer Building, Hastings - Tranche 1	East Sussex	1,750,000	1,750,000	-	1,750,000
Barnhorn Green Commercial and Health Development - Phase 1	East Sussex	1,750,000	-	1,750,000	1,750,000
No Use Empty Commercial Phase II	Kent	2,000,000	2,000,000	-	2,000,000
No Use Empty South Essex	Southend	1,000,000	-	1,000,000	1,000,000
Herne Relief Road	Kent	3,500,000	3,500,000	-	3,500,000
Observer Building, Hastings - Tranche 2	East Sussex	1,616,500	1,616,500	-	1,616,500
No Use Empty Residential	Kent	2,500,000	2,500,000	-	2,500,000
Sub Total		18,186,500	15,436,500	2,750,000	18,186,500
Total		72,062,542	69,312,542	2,750,000	72,062,542

Appendix D – COVID-19 impacts

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

- **The effect of social distancing measures on construction practices** – these measures have resulted in extended construction periods and unknown delays to the completion of projects and have been further exacerbated by delays to the supply chain and materials shortages. These factors will have an impact on the ability of the scheme promoter to repay the GPF funding in line with the agreed repayment schedule.
- **The impact on the property sales and rental market** – a number of projects are dependent upon the sale or rental of properties delivered using the GPF funding, in order to meet the agreed repayment schedules. At this stage, the ongoing impact on the property market is not fully known meaning that a number of risks have been identified including realisation of project benefits, project delivery and repayment of GPF loans.
- **Income from commercial tenants** – GPF funding is often used to support the development of commercial workspace, which is then rented to businesses to generate the income required to repay the GPF loan. Due to the impacts of COVID-19, scheme promoters of this type of project have expressed a desire to support their commercial tenants during this period. This support is often in the form of rent deferrals or rent holidays. Whilst this support increases the likelihood of their tenants being able to survive the current period of uncertainty, it places significant pressures on the cash flow of the scheme promoters as they see a drop in rental income. There is also a risk that, despite the support offered, businesses will not survive leading to further losses in service charge income and an increase in business rates payable on empty commercial space.

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