

Report title: Beaulieu Park Station LGF Project Update Report	
Report to: Accountability Board	
Report author: Gary Macdonnell, Network Coordinator, Essex County Council and Howard Davies, SELEP Capital Programme Officer	
Meeting date: 16 June 2023	For: Information
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SELEP Partner Authority affected: Essex	

1. Purpose of report

- 1.1. The purpose of this report is for the Accountability Board (the Board) to receive an update on the Beaulieu Park Station Local Growth Fund (LGF) project (the Project) which has been identified as High risk.
- 1.2. Also included will be an update on securing required track possessions, particularly covering the important Christmas 2023/New Year 2024 period.
- 1.3. Finally, an update on the finalising of the Implementation Agreement between Essex County Council and Network Rail in order to allow J Murphy & Son Ltd as contractor to continue works.

2. Recommendations

- 2.1. The Board is asked to:
 - 2.1.1. **Note** the update on the Project and the risks to project delivery which have been identified.
 - 2.1.2. **Note** a further update on the Project will be brought to the September 2023 Board meeting which will include an update on all aspects of the project.

3. Background

- 3.1. The Project seeks to bring forward a new railway station in Chelmsford. The new station will be sited on the existing Great Eastern Main Line (GEML), on the eastern side of Beaulieu, 3 miles North-East of Chelmsford, located adjacent to the A12/A138/B1137 junction 19 to serve the growth in North Chelmsford as well as wider growth in parts of Maldon, Braintree and Uttlesford districts which are not currently well served by rail.
- 3.2. The award of £12m LGF funding to support delivery of the Project was agreed by the Board in February 2019. To date, none of the LGF funding has been spent. It was agreed by the Board at their meeting on 15 May 2020 that slippage of £12m LGF spend on the Project to 2025/26 would be accepted.

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- 3.3. A substantial amount of the funding for project delivery has been secured through the Housing Infrastructure Fund (HIF), administered by the Department for Levelling Up, Housing and Communities. Essex County Council has entered into a comprehensive Grant Determination Agreement with Homes England in relation to the HIF funding. The Grant Determination Agreement sets out the terms of the funding and the deliverables for the Project including various warranties, conditions precedent and milestone dates that must be achieved by Essex County Council in order for the funding to be released. There are defined processes within the agreement that allow the contract conditions to be varied, subject to the agreement of Homes England.
- 3.4. The Grant Determination Agreement covers the total amount of HIF funding secured by Essex County Council for delivery of Beaulieu Park Station and for the Chelmsford North-East Bypass project. The total HIF allocation awarded is £218m, which is split between the two projects as follows: Beaulieu Park Station - £124.5m and Chelmsford North-East Bypass - £93.5m.
- 3.5. The Grant Determination Agreement joins the Beaulieu Park Station and Chelmsford North-East Bypass projects together, which means that if one of the projects fails, Homes England could terminate the agreement and any funding unclaimed withdrawn. If the Bypass doesn't progress Homes England could stop financial support to the Project meaning Essex County Council would need to fund or locate alternative funding to complete the scheme.
- 3.6. The Board will recall that the contract for the construction work has been split into two parts. This was to mitigate the financial exposure of Essex County Council to the potential of challenge to the Network Change process. This risk was removed when Great British Rail Freight removed their objection, but the Project had already progressed on the basis that there would be two Implementation Agreements signed by Essex County Council with Network Rail to allow J Murphy & Sons Ltd as contractor to progress the work. The first Implementation Agreement was signed on 19 December 2022 and work is progressing under this agreement. The Board were advised that the second Implementation Agreement, which would secure construction work through to the end of the Project, would be in place by the end of March 2023, however at the April 2023 meeting the Board were advised that further work was necessary and a further update would be provided at the June 2023 meeting.
- 3.7. Finally, although a number of track possessions have been agreed to allow current work streams to progress there was uncertainty around track possessions for the critical Christmas/New Year period later this year.
- 3.8. Further information on the project is provided in Appendix A.

4. Project Update

- 4.1. Work to deliver Beaulieu Park Station started on site on 4 January 2023. Work has progressed in line with the programme since that start on site date. The Project is currently progressing within the agreed programme.

HIF funding

- 4.2. As noted above, the success of the Project is allied to the successful delivery of the Chelmsford North-East Bypass project to provide the full transport infrastructure requirements and conditions for Housing growth as outlined in the HIF contract. Tender

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submissions from construction contractors were sought last year for the Bypass project and there is a significant funding gap. Essex County Council has been working to consider the best approach on the funding gap

Second Implementation Agreement

- 4.3. Discussions on the finalising of the second Implementation Agreement have continued. The current date for signing is now 28 July 2023. Essex County Council and Network Rail are in final stages of agreeing the detailed wording of the Implementation Agreement and both Essex County Council and Network Rail governance has been set up to allow the Implementation Agreement to be completed by this date.

5. Update on Project Costs

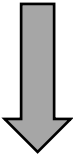

- 5.1. The Project is being delivered by Network Rail under a New Engineering Contract (NEC) Option E contract which means that Network Rail and the contractor are setting the programme and financial profiling with minimal interference.
- 5.2. An Option E NEC contract is a cost reimbursable contract with Essex County Council liable to pay all reasonable costs incurred by the contractor. The project cost plan is carrying contingency and amounts for inflation.
- 5.3. Essex County Council is expecting further updates on final costings to come through from Network Rail and hope to be able to verbally update on this matter at the Board meeting.

6. Project Risks

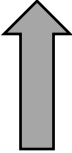
- 6.1. The key project risks and milestones are identified in Table 1 below.

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Table 1: Summary of key project risks and milestones

Risk	RAG rating (November 2022)	Change since last Board meeting	Current RAG rating (May 2023)	Progress & Actions
<p>Programme - Requires confirmation of track possessions. If these possessions are not confirmed there will inevitably be delays to delivery that may put the project outside of the timelines for HIF drawdown and will add cost to the project, even if it is just inflationary with extended time being required.</p>	<p>Amber</p>		<p>Green</p>	<p>The original possession strategy is now booked and in the long-term plan.</p>
<p>The HIF Grant Determination Agreement jointly covers the Chelmsford North-East Bypass and Beaulieu Park Station projects and requires delivery of both elements to secure drawdown of the funding. The Chelmsford North-East Bypass project is currently facing a budget gap which presents a risk to the security of the HIF funding and therefore also to delivery of the Project.</p>	<p>Red</p>		<p>Red</p>	<p>Essex County Council is currently considering all options in relation to this matter.</p>

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<p>Second Implementation Agreement: Essex County Council is required to enter into a second Implementation Agreement to take the project through to its conclusion.</p>	<p>Amber</p>		<p>Red</p>	<p>Legal drafting is well advanced and governance processes for both sides set up.</p>
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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)
Completion of the signing of the second Implementation Agreement with Network Rail	31 March 2023	28 July 2023	Red	Governance arrangements in place.
Clarity on progress and links with Chelmsford North East Bypass.	New Milestone	September 2023	N/A	Essex County Council has committed to submit a revised proposal for Homes England by 9 th June, this will then be considered by Homes England as a potential basis to reset the HIF contract.
Securing approval for track possessions for the Christmas 2023/New Year 2024 period	Q4 2022/23	16 May 2023	Amber	Complete
Project Completion Date	June 2025	June 2025	Green	There is no change to the expected completion date from what was reported to the April 2023 Board meeting

7. Next Steps

- 7.1. J. Murphy & Son to continue construction work including the ongoing rail shutdowns associated with the Project.
- 7.2. The second Implementation Agreement to be signed on or before the 28th of July with all governance in place to allow this to happen.
- 7.3. Essex County Council to submit to Homes England a remediation plan for consideration.
- 7.4. Chelmsford North-East Bypass detailed design and actions for Essex County Council to take control of the land to be significantly progressed, with revised tender documents being produced.
- 7.5. Continuation of the conveyor bridge work.

8. SELEP Comments

- 8.1. As reported previously, the primary risk facing the Project is the current contractual arrangement in relation to the HIF funding which has been secured by Essex County Council. Under the current Grant Determination Agreement with Homes England, both the Project and the Chelmsford North East Bypass project must be delivered together, which means if one project fails, Homes England could terminate the agreement and withdraw any unclaimed funding. The report advises that following tender submissions sought last year there is a significant funding gap in relation the Chelmsford North East Bypass which creates a substantial risk for the Project and its ability to deliver in accordance with the milestone dates set out in the Grant Determination Agreement.
- 8.2. The report suggests that Essex County Council will submit a revised proposal to Homes England on the 9 June 2023 which will be considered by Homes England as a potential basis to reset the HIF contract.
- 8.3. As reported to the Board in November 2022, if it is not possible for Essex County Council to mitigate the risk to the HIF funding, under the terms of the Grant Determination Agreement, Homes England could stop financial support to the Project. If the HIF funding were to be stopped, Essex County Council would be required to seek alternative funding to support delivery of the Project in accordance with the agreed LGF Business Case. If alternative funding could not be secured, the Board would be asked to consider removing the Project from the LGF programme and seeking return of the LGF funding as the Project could no longer be delivered as agreed. Removal of the Project from the LGF programme would detrimentally impact on the benefits which are forecast to be achieved through the SELEP Growth Deal and would mean that a key part of the sustainable transport measures for north-east Chelmsford would not be forthcoming.
- 8.4. As set out in the report a two stage Implementation Agreement process was agreed between Essex County Council and Network Rail to enable works to commence at the end of 2022. This had been due to a risk around getting full support for Network Change, which was agreed at the last minute. However, there has been a delay to agreeing what form the second Implementation Agreement would take and the Board have been given a couple of dates when this would be finalised. As set out in the report that agreement is now at the final stages and the agreement is expected to be completed by the end of July 2023 and this will allow J. Murphy and Sons to continue and complete the works.

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- 8.5. It is unclear from the report what the position would be if the second Implementation Agreement is signed at the end of July 2023, and Homes England go on to withdraw the HIF funding in the Autumn.
- 8.6. The Board have received regular updates on track possessions which are required for the Christmas/New Year 2023/24 period. It was essential for the current programme that these were secured and as such had been registered as high risk. It is encouraging that the track possessions have now been confirmed and that these times are booked, which removes this high risk from the Project.
- 8.7. Although it is welcome news that progress has been made on both the second Implementation Agreement and track possessions, progress on the HIF agreement with Homes England will need to be monitored closely.
- 8.8. An update will be required at the September 2023 meeting which will need to include confirmation that the second Implementation Agreement has been signed and an update on the status of the HIF funding with Homes England.

9. Financial Implications (Accountable Body comments)

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

10. Legal Implications (Accountable Body comments)

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

11. Equality and Diversity Implications

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

12. List of Appendices

- 12.1. Appendix A – Beaulieu Park Station Project Background Information

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

Role	Date
Accountable Body sign off	
Michael Neumann (on behalf of Nicole Wood, S151 Officer, Essex County Council)	09/06/2023