

Forward Plan reference number: FP/AB/651

Report title: Local Growth Fund – London Gateway/Stanford le Hope Update Report	
Report to: Accountability Board	
Report author: Kevin Munnely, Assistant Director Regeneration and Place Delivery, Thurrock Council and Howard Davies, SELEP Capital Programme Officer	
Meeting date: 16 June 2023	For: Decision
Enquiries to: howard.davies@southeastlep.com	
SELEP Partner Authority affected: Thurrock	

1. Purpose of report

- 1.1. The purpose of this report is for the Accountability Board (the Board) to receive an update on the delivery of the London Gateway/Stanford le Hope Local Growth Fund (LGF) project (the Project).
- 1.2. The Board has been provided with regular updates on the Project and this update will include a request for an extension to the deadline for consideration of the updated Business Case for the Project.
- 1.3. The report also includes an update on progress of Phase 1 and progress on Phase 2 design options.

2. Recommendations

- 2.1. The Board is asked to:
 - 2.1.1. **Agree** that the updated Business Case for the Project can be submitted for consideration at the February 2024 Board meeting. Noting that if this deadline is not met, the LGF funding will be removed from the Project and will need to be returned to Essex County Council (as Accountable Body for SELEP) within 4 weeks by Thurrock Council for reallocation to alternative projects.
 - 2.1.2. **Note** that a further update on delivery of the Project will be brought to the September 2023 Board meeting, which will include an update on progress with Phase 2 design options and the associated application.

3. Project Overview

- 3.1. The main aims of the Project are to:
 - 3.1.1. Develop an interchange that will connect bus, rail, cycle, taxi, and pedestrian modes of transport at Stanford le Hope station.
 - 3.1.2. Expand capacity at Stanford le Hope Station.

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- 3.1.3. Implement a package of works that meets the requirements of travel plans for London Gateway and unlocks the next phase of development at London Gateway.
- 3.1.4. Provide improvements to public transport infrastructure and service reliability to new housing developments and to the major employment growth sites at London Gateway/Coryton.
- 3.1.5. Help curb traffic growth and minimise growth in transport emissions in the area through this new transport interchange.
- 3.2. To assist with the delivery of this complex regeneration project, the works as set out in the original Business Case have been split into 2 phases:
 - 3.2.1. Station building - with passenger toilets, widened platform, level access to building and station platforms, real time customer information systems (Phase 1).
 - 3.2.2. Multi-modal interchange – 2 car passenger drop off positions with landing island, 2 taxi rank positions with landing island and shelter, 84 secure cycle parking spaces, 2 drop off positions and 1 pickup position for a bus with waiting facilities, protected pedestrian walking routes and desire lines (Phase 2).
- 3.3. The original Business Case demonstrated High value for money with a Benefit Cost Ratio (BCR) of 9.4:1. The Business Case indicated that the project will support the creation of an estimated 756 new jobs at DP World London Gateway and Thames Enterprise Park over the period up to 2031 through provision of infrastructure that will improve accessibility by sustainable modes of travel.
- 3.4. The Board approved an LGF allocation of £7.5m towards the estimated £12.05m project cost in February 2017. This allocation has been spent in full.
- 3.5. £29.09m is the working budget for both phases of the project. The estimate will be subject to confirmation of future costs through the ongoing design of Phase 2, Phase 1 & 2 tender processes and final completion audits of the project. However, due to the scale of cost increase there is a requirement for submission of an updated Business Case to demonstrate that the project continues to offer High value for money and that the requirements of the Assurance Framework continue to be met.
- 3.6. The remaining budget to deliver the design costs for Phase 2 and the complete build costs for both Phases is £15.6m. An internal project team review has concluded that the remaining budget allocation will be challenging to deliver the whole scheme outputs and additional funding may be required. The level of funding required will only be ascertained once there is a greater understanding of the detailed design and this is costed.
- 3.7. At the September 2022 meeting, the Board were advised that an updated Business Case had been received by SELEP incorporating a new approach for the Multi Modal Hub. However, due to the need to include further information around project deliverability and funding for the entire project, the Independent Technical Evaluator was unable to assure the Value for Money and realisation of benefits. In light of this, the Board agreed that the LGF funding could be retained against the project to:

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- 3.7.1. Allow time for further work to be undertaken on the Business Case and to allow for a further review to be completed by the Independent Technical Evaluator;
 - 3.7.2. Allow time for Thurrock Council to address and mitigate the risks to delivery of the project outlined in the report; and
 - 3.7.3. Allow time for Thurrock Council to develop their plans for Phase 2 of the project enabling them to confirm that a full funding package is in place to deliver the full scope of the project as set out in the Business Case.
- 3.8. The Board were also asked to note, that if these points were not adequately addressed in advance of the first Board meeting of 2023/24, the LGF funding would be automatically removed from the Project and would need to be returned to Essex County Council (as Accountable Body for SELEP) within 4 weeks by Thurrock Council for reallocation to alternative projects.
- 3.9. At the meeting in April 2023 the Board agreed 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 updated Business Case would be needed, with the decision due to come forward at the postponed March 2023 Board meeting.
- 3.10. It was agreed that the request for an extension to the deadline for the consideration of the updated Business Case would be presented to this Board meeting.
- 3.11. Further information on the project is provided in Appendix A.

4. Update on project delivery

- 4.1. The Council's Senior Leadership Team agreed in December 2022 to pause any further work on Phase 1 Main Station works until there was greater certainty around Phase 2 - The Interchange design and costs. As work on Phase 2 has progressed some initial work around Phase 1 is being undertaken.
- 4.2. Officers are now undertaking a review of the previous procurement process of Phase 1 to:
 - 4.2.1. Identify the issues that led to its withdrawal to be fully understood and inform any future procurement strategy.
 - 4.2.2. Identify procurement options to reactivate Phase 1.
- 4.3. The Phase 2 Interchange design commission will be delivered in 2 stages, the first focuses on refining the current design work into two options:
 - 4.3.1. One with a bus interchange onsite and adjacent to the station.
 - 4.3.2. One without a bus interchange onsite, but instead situated a short distance from the station.
- 4.4. A considerable amount of design work on options has already been undertaken which form the basis of the Stage 1 work currently being undertaken by AECOM (a multi-disciplinary

design consultancy). The selected design team at AECOM were engaged to utilise their prior design knowledge and feedback from the previous pre-application planning process to ensure that the scheme is affordable and deliverable.

- 4.5. This first stage design work has taken longer than expected but this review work has benefited from a few design workshops held with the Council's Highway and Transport teams that have addressed several critical issues identified in the previous pre-application design. AECOM have provided the Council with timescales that will ensure that the Planning Application for the Phase 2 Interchange will be submitted for consideration by the October 2023 planning committee meeting.
- 4.6. The existing Phase 2 Stakeholder Group and Thurrock Council's Planning Transport Regeneration Overview and Scrutiny Steering Group will both be used to provide oversight of this design work.

Early Contractor Involvement

- 4.7. To support the design process and ensure that the selected design for the interchange can be built in a cost effective manner with minimal variations during construction, the Council has engaged with its Highway Term Contractors – Henderson & Taylor (H&T) who have worked on a previous design for the Stanford le Hope Interchange and will form part of the design team and input into the selected design. H&T are also currently working on other c2c railway stations. c2c are the rail operator in South Essex.

Business Case

- 4.8. The latter stage of the design work by AECOM will also provide high-level costings which will be used to inform an updated Business Case. A brief to produce the updated Business Case has been produced and a procurement process is underway. The updated Business Case will provide an overarching understanding of what will be delivered and what the projected costs will be. This will enable the provision of a more accurate Value for Money and BCR analysis.
- 4.9. The programme below sets out the timeline for delivering the Planning submission for Phase 2 of the Project. Identification of a preferred option and further development of this proposal are critical activities on the route to submission of an updated Business Case for the Project which will also include a cost update for phase 1 using the building cost index (BCI).
- 4.10. Governance measures at Thurrock Council have increased since the Commissioners have been in place, so the decision making process has been extended. This means that sign off of the Project (Business Case inclusive), prior to submission to SELEP, cannot take place until a decision is taken at the October Thurrock Council Cabinet meeting. As such the earliest date the updated Business Case can be submitted to SELEP is 29 November 2023, allowing consideration by the Board at the meeting in February 2024.

4.11. The key milestones and dates are set out in Table 1 below:

Table 1: Key Milestones

Milestone	Timeline
Submission of design Options by AECOM to Thurrock Council	June 2023
Appointment of consultants for preparation of the Business Case	June 2023
Engagement of Henderson & Taylor for early Contractor Involvement	June 2023
Options selection workshop with Stakeholders	7 June 2023
Preparation of preferred option for planning	July 2023
Pre-Planning Application Meetings	July 2023
Production of Draft Business Case	August 2023
Early consultation with statutory consultees to de-risk the planning process.	August 2023
Scheme sign off by Thurrock Council Cabinet	11 October 2023
Determination of Full planning application for Phase 2	October 2023
Submission of Business Case to SELEP for ITE evaluation	29 November 2023
Business Case considered by Accountability Board	February 2024

Financial Update


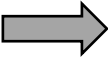
4.12. The expenditure breakdown in Table 2 below sets out project spend to date. Future profiling is currently estimated and will be subject to review in the Business Case to reflect any revised build programme.

Table 2. Breakdown of expected expenditure by provider


Financial Profile (£m)				
Source of Funding	Actual Spend to end 2022/23	Expected Spend 2023/24	Expected Spend 2024/25	Total
Thurrock Council Capital Programme	3.453	7.267	5.000	15.720
LGF	7.500	0.000	0.000	7.500
C2c/NSIP	0.740	3.047	0.000	3.787
DP World	0.000	0.550	0.000	0.550
S.106	1.533	0.000	0.000	1.533
Total	13.226	10.864	5.000	29.090

5. London Gateway/Stanford le Hope RAG Risk Rating

Table 3: RAG Risk Assessment

Risk	RAG rating (April 2023)	Change since last Board meeting	Current RAG rating (June 2023)	Progress & Actions
<p>Delay in deciding the option for Phase 2 will delay the costings required for inclusion in the updated Business Case</p>	<p>Red</p>		<p>Red</p>	<p>In order to avoid the removal of LGF funding, Thurrock Council are requesting an extension to the deadline for Business Case submission to reflect the updated design programme. The Business Case will be prepared in parallel with the planning application for the interchange and a request for an extension to the deadline for consideration of the updated Business Case for the project, presented to the Board at this meeting.</p>
<p>Existing funding is insufficient to deliver the design for Phase 2</p>	<p>Red</p>		<p>Red</p>	<p>The Council's Regeneration team have taken over the direct management of the design of the interchange and have appointed AECOM as well as working on early contractor involvement from Henderson & Taylor. The designs will be reviewed with stakeholders and an agreed design costed and gap funding required identified, if any.</p>
<p>Delays from getting sign off for station change requests from Network Rail and c2c for proposed works to be conducted on their land, as part of the GRIP 5 (detailed design) process. The knock on effect would be delays to the delivery programmes of Phase 1 and Phase 2.</p>	<p>N/A</p>		<p>Amber</p>	<p>Ongoing early engagement with Network Rail and c2c to ensure timely grant of any station change requests.</p>

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Increasing costs of project delivery due to further delays and inflationary pressures.	Red		Red	Agreeing a way forward with Phase 2 will enable the team to confirm outline costs for this phase, whilst the information available from the previous work on Phase 1 can be updated using the building cost index.
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Table 4: Milestone Risk Assessment

	Milestone Completion Date (April 2023)	Milestone Completion Date (June 2023)	Change in milestone date (RAG rating)	Commentary (To include: % of milestone achieved to date)
Transport Interchange: Submission of design Options by AECOM to Thurrock Council	March 2023	June 2023	Amber	75% complete
Appointment of Consultant for preparation of the Business Case		June 2023	N/A	75% complete
Engagement of Henderson & Taylor for Early contractor Involvement (ECI)		June 2023	N/A	25% complete, Meetings and site visit held with Henderson & Taylor
Stakeholder Engagement to select preferred option		7 June 2023	N/A	25% Initial meetings have been held with stakeholders updating them on progress with the Phase 2 design by AECOM - c2c, Network Rail, First Bus, internal stakeholders, and DP World
Preparation of preferred option for planning		July 2023	N/A	
Pre-Planning Application meetings		July 2023	N/A	10% scheduling in progress as well as identification of required surveys
Production of draft Business Case		August 2023	N/A	
Early consultation with statutory consultees on the emerging planning application		August 2023	N/A	In order to de-risk the planning process.
Determination of full Planning Application for Phase 2	September/October 2023	October 2023	Green	15% scheduling completed by AECOM who are working towards submission of the

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				planning application for determination by the planning committee in October 2023
Scheme sign off by Thurrock Council Cabinet		October 2023	N/A	
Submission of Business Case to SELEP for ITE evaluation		29 November 2023	N/A	
Business Case considered by Accountability Board		February 2024	N/A	

6. Next Steps

Phase 1: Station Building

- 6.1. Option selection of procurement route to activate Phase 1 with the consideration of splitting the work packages into enabling works/construction design and main contract works. Early engagement with H&T has commenced.

Phase 2: Transport Interchange

- 6.2. The upcoming workstreams are to engage stakeholders on the design options from AECOM to select the preferred single option; AECOM will work with the term contractor (H&T) progressing the single option solution further to Pre-Planning review and on towards a full Planning Consent. In parallel the updated Business Case will be developed.

7. SELEP Comments

- 7.1. This report seeks to provide an update on the delivery of the London Gateway/Stanford le Hope project which includes progress towards submitting a planning application for Phase 2 of the project and a proposed timeline for the submission of the required updated Business Case to SELEP.
- 7.2. The financial situation with regard to Thurrock Council has been widely covered and was covered in detail in the last report to the Board in April 2023. This included commentary around the Best Value Inspection that was being undertaken by the Commissioners. It is understood this piece of work has been finalised but information has not been released publicly, at the time of writing.
- 7.3. The report sets out the budget envelope that is available for delivery of both Phases of the project and this stands at £15.6m. However, it is currently not possible to gauge whether this will be sufficient for project delivery due to ongoing design considerations around Phase 2 and the need to re-evaluate the projected costings for Phase 1. This information will be required as part of the updated Business Case.
- 7.4. SELEP do have concerns around the potential need for additional funding, if this were to be needed, and how this might be secured as it is not set out in the report. If additional funding were to be sought through borrowing it could be challenging for Thurrock Council to secure given their current financial situation and following the issuing of a Section 114 notice, which will be in place until March 2024.
- 7.5. The proposed timeline for submission of the updated Business Case by Thurrock Council is set out in the report for Board consideration, with expected submission in November 2023. The requirement for increased governance obligations at Thurrock Council as a result of the Section 114 notice is understood, however, this elongated process will place additional pressure on SELEP and Essex County Council (as the Accountable Body for SELEP) as work continues to comply with the integration expectations of Central Government as outlined in the last Budget announcement.
- 7.6. As previously reported to the Board, the Business Case submission will need to include assurances from Thurrock Council about how the LGF funding has been utilised and whether it continues to meet the funding conditions set out in the original funding Grant Agreement.

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- 7.7. The Board are asked to agree that the updated Business Case for the Project can be submitted for consideration at the February 2024 Board meeting. Noting that if this deadline is not met, the LGF funding will be removed from the Project and will need to be returned to Essex County Council (as Accountable Body for SELEP) within 4 weeks by Thurrock Council for reallocation to alternative projects. This recommendation, if agreed, will mean that the LGF funding will be automatically removed from the Project if the Business Case is not submitted in time for consideration at the February 2024 Board meeting. In this situation, no further decisions on the funding allocation will be sought from the Board.
- 7.8. In November 2021, the Board were advised that an updated Business Case for the Project was required due to reported increases in the total project cost. At this time, it was agreed that the revised Business Case would be considered by the Board in April 2022 at the latest. The timeline for Business Case submission has been extended on a number of occasions with a revised Business Case ultimately submitted for consideration by the Board in September 2022. This Business Case was not sufficiently robust to address the concerns identified and to provide the assurances required and therefore a further extension was agreed by the Board. It was agreed that the Business Case should be submitted in time for consideration by the Board at their first meeting of 2023/24 and that the funding would automatically be removed from the Project if this timeline was not met. Ultimately, due to the rescheduling of the planned March 2023 Board meeting and the issuing of a Section 114 notice by Thurrock Council, it was agreed that further time could be allowed for development of the Business Case, with the timeline for submission to be agreed at this meeting.
- 7.9. Given that the need for submission of an updated Business Case was reported to the Board in November 2021 and that, based on current recommendations, it will be February 2024 before the Business Case is considered – a lead in time of 27 months – it is considered reasonable to include a recommendation to automatically reallocate the funding if the revised timeline is not met. The timeline provided takes into account the extended governance processes required by Thurrock Council and allows time for further development of Phase 2 of the Project which is required to inform the Business Case – meaning that the timeline should be realistic and achievable.
- 7.10. It is important that projects which are in receipt of LGF funding have an approved Business Case in place and therefore it is critical that either an updated Business Case is provided in accordance with the timeline set out in this report, or that the funding is removed from the Project and reallocated to alternative projects which do have an approved Business Case in place.
- 7.11. SELEP will continue to engage regularly with Thurrock Council officers to understand the status of the project and to help to ensure that Thurrock Council understand the requirements for the updated Business Case.
- 7.12. As agreed by the Board at the September 2022 meeting, retention of the LGF funding against the Project is subject to Thurrock Council paying for all further work completed by the Independent Technical Evaluator in relation to the review of the Project and its' Business Case.
- 7.13. An update on progress toward finalising the Phase 2 design options and confirmation that a planning application has been submitted to Planning committee will be provided at the September 2023 meeting.

8. Financial Implications (Accountable Body comments)

- 8.1. There continue to be a number of challenges to completion of this project; the development of the business case may identify additional costs that could put the associated value for money assessment at risk, as well as delays in realising the potential benefits associated with the project.
- 8.2. To retain awareness of the development of the business case and associated risks, the Board is advised to keep under review the delivery progress of this project. These risks should inform any future decisions made with respect to the funding associated with the project.
- 8.3. 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.
- 8.4. All LGF in respect of this project has been reportedly spent by Thurrock Council, as the Project Lead Authority; 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. The SLA also makes clear that it is the responsibility of Thurrock Council to secure any additional funding required.
- 8.5. As the revised business case comes forward, the Accountable Body will be seeking further assurances that the spend incurred on the project to date remains eligible spend under the terms of the SLA in place and that any revised proposals for the project is fully funded to ensure deliverability and value for money. These assurances will inform the consideration of the revised business case at the February 2024 meeting of the Board.
- 8.6. The SLA with Thurrock Council sets 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.

9. Legal Implications (Accountable Body comments)

- 9.1. The funding is administered in accordance with the SLA's in place between Essex County Council, as Accountable Body for SELEP, SELEP Ltd and the Project Lead Authority. The SLA contains provisions that permit the Board to take a decision to require funding to be 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 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.

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- 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 - London Gateway/Stanford le Hope 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