

ACCOUNTABILITY BOARD

10:00	Friday, 22 September 2023	Launchpad Southend - Airport Business Park, Launchpad, Rochford SS4 1YH
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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
Cllr Kevin Bentley
Cllr Roger Gough
Cllr Lauren Edwards
Cllr Keith Glazier
Cllr Andrew Jefferies
Cllr Tony Cox
Vacant
Vacant

Chair
Essex County Council
Kent County Council
Medway Council
East Sussex County Council
Thurrock Council
Southend-on-Sea City Council
Further Education/ Skills representative
Higher Education representative

For information about the meeting please ask for:

Lisa Siggins, Secretary to the Board

Telephone: 033301 34594

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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 Launchpad Southend - Airport Business Park, Launchpad, Rochford SS4 1YH. 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 Keri Lawrence -Governance Officer SELEP if you have not received your login.

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In person:

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

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	To approve the minutes of the meeting held on 16th June 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	
	In accordance with the Policy adopted by the SELEP, a period of up to 15 minutes will be allowed at the start of every Ordinary meeting of the Accountability Board to enable members of the public to make representations. No question shall be longer than three minutes, and all speakers must have registered their question by email or by post with the SELEP Secretariat (hello@southeastlep.com) by no later than 10.30am on the Monday morning before the meeting. Please note that only one speaker may speak on behalf of an organisation, no person may ask more than one question and there will be no opportunity to ask a supplementary question.	
	On arrival, and before the start of the meeting, registered speakers must identify themselves to the Governance Officer for an in-person meeting, or the host of the meeting if it is being held virtually.	
	A copy of the Policy for Public Questions is made available on the SELEP website.	
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16	Date of Next Meeting	
	To note that the next meeting will be held on Friday 17 November 2023, venue to be confirmed.	
17	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.

18 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 The Nucleus Business and Innovation Centre (Brunel Way, Dartford, England, DA1 5GA) on Friday, 16 June 2023

Present:

Simon Cook	Chair
Cllr Lesley Wagland	Essex County Council
Cllr Roger Gough	Kent County Council
Cllr Keith Glazier	East Sussex County Council
Cllr Lauren Edwards	Medway Council
Cllr John Lamb	Southend-on-Sea City Council
Cllr Deborah Arnold	Thurrock Council

Also Present:

Bernard Brown	Member of the public
Adam Bryan	SELEP
Paul Chapman	Essex County Council
Alex Colbran	East Sussex County Council
Mirco Cordeiro	East Sussex County Council
Howard Davies	SELEP
Richard Dawson	East Sussex County Council
Helen Dyer	SELEP
Stephanie Ennis	Essex County Council
Jessica Jagpal	Medway Council
Keri Lawrence	SELEP
Ian Lewis	Opportunity South Essex
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)
Piers Meyler	Member of the public
Lorna Norris	Essex County Council
Vivien Prigg	Essex County Council
Leslie Rickerby	SELEP
Tim Rignall	Southend-on-Sea City Council
Helen Russell	SELEP
Lisa Siggins	Essex County Council
Steven Stott	Essex County Council

1 Welcome and Apologies for Absence

- Cllr Kevin Bentley substituted by Cllr Lesley Wagland
- Cllr Tony Cox substituted by Cllr John Lamb
- Cllr Andrew Jeffries substituted by Cllr Deborah Arnold

2 Minutes of the previous meeting

The minutes of the meeting held on Thursday 13 April 2023 were agreed as an accurate record.

3 Declarations of Interest

There were none.

4 Questions from the public

There were none.

5 SELEP Operations Update

The Accountability Board (the Board) received a report from Keri Lawrence, SELEP Governance Officer which was presented by Adam Bryan, Chief Executive Officer SELEP, the purpose of which was for the Board to be updated on the operational activities carried out by the Secretariat to support both this Board and the Strategic Board. The report included an update on risk management, compliance with the Assurance Framework and performance against governance KPIs.

Adam gave the Board an overview of the key points in the report, including confirming that Simon Cook had been appointed as the new SELEP Deputy Chair.

Adam provided an update on the outcome of SELEP's Annual Performance Review with Government, confirming that expectations regarding Strategy had been met but that concerns were raised in relation to Governance and Delivery. Delivery concerns related to the fact that there is ongoing delivery of projects within the LGF and GBF capital programmes, despite both funding streams having officially concluded and the concern regarding Governance relates to the ongoing Deep Dive into projects in East Sussex which are being delivered by Sea Change Sussex. Adam indicated that the points raised around delivery were not significant issues and that the concerns identified remained subject to regular dialogue with Government officials.

The Board were advised that an application for core funding had been submitted to Government and that shortly before this meeting, notification had been received that the application had been successful. Government has indicated that they are minded to not provide core funding for LEPs after 2023/24 and that

LEP responsibilities will transition to local authorities thereafter. This opens the requirement for a comprehensive set of conversations with the Strategic Board in July and the need to swiftly develop a transition plan to ensure a smooth transfer of activities to local partner authorities.

Simon Cook pointed out that verbal feedback from Government officials had been received which indicated that SELEP had managed the public funding directed through it very well.

In response to a question from Simon Cook, Adam advised that an update is still awaited from the Assurance Team from the Cities and Local Growth Unit regarding the Deep Dive and that, as it stands, it is unclear when the outcome of the Deep Dive will be received.

Resolved:

1. **To Note** the update on the recruitment of the SELEP Deputy Chair at Section 4 of the report.
2. **To Note** the outcome of the 2022-23 Annual Performance Review at Section 5 of the report.
3. **To Note** the update on Assurance Framework compliance monitoring at Section 6 of the report.
4. **To Note** the update on LEP core funding 2023-24 at Section 8 of the report.
5. **To Note** the update on Governance KPIs and changes to the Risk Register at Appendices B and C of the report.

6 SELEP 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 provisional outturn position for the SELEP Revenue budget for 2022/23 and the impact for the 2023/24 funding position.

Lorna pointed out that as Adam had mentioned in the previous agenda item, confirmation had now been received that the application for core funding had been successful.

Resolved:

1. **To Note** the provisional net cost of services for 2022/23 of £64,000.
2. **To Approve** the provisional outturn position for the SELEP revenue budget for 2022/23 in Table 1 of the report, including the net contribution to the Operational Reserve of £159,993.
3. **To Approve** the movement in reserves set out in Table 5 of the report.

4. **To Note** the impact on the future funding position set out in section 3.11 of the report.

7 **Getting Building Fund 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.

The Board were advised that the report did not reflect a confirmed year end spend position as reporting was not provided by Medway Council in time for inclusion within the report. Helen confirmed that the reporting had now been received and therefore the year end position would be confirmed at the next Board meeting.

Cllr Wagland confirmed that all 5 Essex County Council projects referenced in the report will have fully spent their GBF funding allocation by 30 June 2023. Cllr Wagland also confirmed that the funding will have been drawn down in full by 30 June 2023.

Cllr Lamb provided an update on the Better Queensway project and confirmed that, despite the change in leadership at Southend-on-Sea City Council, there remains a strong commitment to bringing the project forward. Sanctuary Housing Association are continuing their due diligence following their take-over of Swan Housing and further information will be available once this work has been completed.

Cllr Edwards apologised for the delay in submission of the required reporting by Medway Council.

Resolved:

1. **To 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 of the report.

2. **To Agree** the reported GBF spend on project delivery in 2022/23 of £15.508m, as set out in Table 1 and Appendix A of the report.

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

8 **GBF High Risk Projects Update Report**

The Board received a report from Leslie Rickerby, SELEP Capital Programme Officer, the purpose of which was for 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.

The Board were advised that Better Queensway continues to be flagged as High risk as Sanctuary Housing Association are still undertaking their review of the business plan for the wider project. As a result, there is a risk that they will choose not to proceed as joint venture partner – which could significantly impact on the delivery programme. Assurances are required from Southend-on-Sea City Council at a future meeting regarding delivery of the wider project.

With regards to the Extension of the full-fibre broadband rollout in Essex to reach rural and hard to reach areas project, Essex County Council, as Accountable Body for SELEP, continues to hold £118,182 GBF (as awarded to the project in January 2023). This funding could not be transferred to Essex County Council (as responsible Upper Tier Local Authority) until required internal governance processes had been completed. Whilst steps have now been taken by Essex County Council to seek draw down of the funding, there remains a risk that this funding will not be transferred prior to 30 June 2023.

The Board were advised that delivery of the above projects will be closely monitored.

Cllr Lamb spoke with regards to the Better Queensway project and indicated that the required due diligence being undertaken by Sanctuary Housing Association is progressing at a slower rate than was hoped by Southend-on-Sea City Council. Cllr Lamb also indicated that, whilst acknowledging the risk to the GBF funding, placing short timescales on this is not helpful and may reduce confidence in the project. He also indicated that Southend-on-Sea City Council are working hard to ensure that the funding is only issued to Sanctuary Housing Association when there is a firm commitment to progress with the project. Cllr Lamb reiterated that the project remains very important for Southend.

Helen Dyer and Simon Cook provided assurance that the GBF funding would only be removed from the project if it could not progress to delivery and that the current SELEP position was that the outcome of the due diligence and review by Sanctuary Housing Association was awaited and that this would be used to inform future decisions. Cllr Lamb expressed a desire to ensure that clear messages are issued with regard to the risk of withdrawal of the GBF funding to ensure that confidence is not lost in the project.

Cllr Wagland reiterated that the Extension of the full-fibre broadband rollout in Essex to reach rural and hard to reach areas project will have fully spent its GBF funding allocation by 30 June 2023 and that delivery of the project was complete.

Cllr Gough provided an update on the Techfort Phase 2 project and confirmed that delivery is progressing at pace, with full spend of the GBF funding expected by 30 June 2023.

Resolved:

1. **To Note** the update on the Better Queensway project.
2. **To 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.
3. **To 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.
4. **To 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.

9 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 continues to be a lot of post scheme completion Monitoring and Evaluation reports outstanding.

Cllr Edwards gave an update regarding the A289 Four Elms Roundabout to Medway Tunnel project, which is being delivered using Housing Infrastructure Fund (HIF) funding. Cllr Edwards indicated that, as a result of cost increases, revised plans for the HIF project were submitted to Homes England. These plans saw the removal of the rail element of the project. Medway Council have now been advised by Homes England that the £170m HIF allocation is at risk of being removed from the project, primarily due to there not being a current Local Plan in place. An urgent meeting has been requested with Homes England and the Department for Levelling Up, Housing and Communities (DLUHC) to discuss the project, and a public commitment has been made to deliver a new Local Plan within 2 years. Cllr Edwards confirmed that Medway Council will continue to push for a sensible solution but that they acknowledged the risk to the LGF funding as set out in the report.

Cllr Glazier gave an update in respect of the Hastings and Bexhill Movement and Access Package and confirmed that revised proposals for the project will be presented to the Board in September 2023.

Cllr Lamb queried the status of the Business Case for the A127 Fairglens project and whether the delay in confirming the funding award was due to Department for Transport (DfT) processes. Cllr Lamb asked if, given the importance of the project, pressure could be applied to ensure that the project comes forward. Adam Bryan committed to discussing the project with Cllr Lamb outside the Board meeting to ensure that SELEP are raising the correct messages.

Cllr Wagland indicated that work was progressing on the required Monitoring and Evaluation reports within the remit of Essex County Council but that there were a small number of outstanding queries which required a response from the SELEP team.

Resolved:

1. **To 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. **To 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.
3. **To 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.
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.

10 LGF High Risk Projects Update Report

The Board received a report from Howard Davies, SELEP Capital Programme Officer, the purpose of which was for the Board to receive an update on the delivery of the following Local Growth Fund (LGF) projects which are currently ranked as high risk: Grays South and A28 Sturry Link Road.

The Board were advised that the expected update from Thurrock Council on the outcome of the review of the Grays South project was not yet available, and that it was now envisaged that this would be provided at the next Board meeting.

Cllr Gough provided a brief update on the A28 Sturry Link Road project and confirmed that it was now expected that the Design and Build contract would be signed by the end of June 2023.

Adam Bryan indicated that the Chair of Opportunity South Essex had requested that concerns regarding the lack of progress on the Grays South project which were raised at the Opportunity South Essex Board meeting on 15 June 2023 were noted by the Board.

The report set out two potential scenarios in relation to the Grays South project and Simon Cook enquired as to the most likely scenario. Howard advised that a meeting was planned with Thurrock Council in August and following this there would be a better understanding of the position.

Cllr Arnold spoke in relation to Grays South project, advising that a new Leader had been appointed at Thurrock Council and that a full report was being prepared with a view to Members being provided with a full briefing in July 2023. This briefing and any subsequent decisions taken by Thurrock Council will help to inform future updates to the Board.

Cllr Lamb spoke in support of the Grays South project and emphasised the importance of the project. Cllr Lamb indicated that it is important that the current issues with the project are resolved as soon as possible so that the project can move forward towards delivery.

The meeting was paused at this point to allow technical issues with the recording and broadcast of the meeting to be addressed.

Kevin Munnelly, Assistant Director Regeneration and Place Delivery, Thurrock Council confirmed that discussions were underway with key stakeholders regarding the outcome of the review and that it was intended that a full update would be provided to the Board in September.

Resolved:

Grays South

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

1. **To Note** the update on the project
2. **To Note** that a further update will be brought to the Board meeting in September 2023 which will include:
 - 2.1. Confirmation that negotiations between the developer and landowner on the Sturry site have concluded successfully.
 - 2.2. Confirmation of the status of the planning application for the North Hersden development; and

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

11 Beaulieu Park Station LGF Project Update

The Board received a report from Gary Macdonnell, Network Coordinator, Essex County Council and Howard Davies, 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.

The Board were advised that the Project is progressing well with excellent progress being made on site. Gary gave an update on track possessions and confirmed that all had now been secured including the important ones during Christmas 2023/New Year 2024 period. Gary also gave an update on the status of the second Implementation Agreement and indicated that this agreement is now expected to be in place by the end of July 2023. He also noted that there would potentially be challenges if this date was missed as the Project has reached the extent of the works covered by the first Implementation Agreement.

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 as set out in Section 8 of the report.

Cllr Wagland provided an overview of the Project and its expected benefits for new members of the Board. Cllr Wagland indicated that completion of the second Implementation Agreement had been delayed due to Network Rail processes. Cllr Wagland also advised that agreement had been received from Homes England that the HIF project could progress at this time.

Cllr Wagland indicated that whilst the concerns of SELEP are understood, Essex County Council are determined to deliver the Project and to protect the SELEP funding. Cllr Wagland also advised that very positive messages about the Project were being received from all key stakeholders, including Government.

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 September 2023 Board meeting which will include an update on all aspects of the project.

12 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 (ESCC) 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).

The update report solely contained the views of East Sussex County Council.

Richard gave the Board an overview of the key issues as set out in the report and flagged that ESCC wished to highlight that they are in disagreement with Sea Change Sussex regarding progress and funding associated with the Project.

Richard advised that ESCC are fully committed to resolving any contentions with Sea Change Sussex and that there is an ongoing dialogue seeking to find a resolution to the disagreement allowing the Project to be brought to a close through the delivery of the final connection with the A21.

There is an ongoing requirement for Sea Change Sussex to submit a full set of plans and drawings, including the signage package, for review by National Highways and ESCC. This process must be completed before the Section 278 agreement can be entered into by all parties.

Richard also indicated that a draft Options Report has been produced in relation to the employment land owned by ESCC which has been unlocked through the Project. It is expected that the Board will be advised of actions arising from the Options Report at the next meeting.

Helen Dyer provided an update on risks from a SELEP perspective, identifying the various areas of contention and pointed out that due to the ongoing issues with ESCC and Sea Change Sussex, a full update has not been provided to the Board. Whilst it is acknowledged that there are the challenges identified by ESCC, it is imperative that a more comprehensive update on project delivery is provided at future Board meetings, which clarifies the funding package and delivery programme.

Resolved:

1. **To Note** that, for the reasons outlined in the report, it has not been possible to provide a full update on the Project at this meeting.
2. **To Note** that options for the way forward will be brought to the next meeting for Board consideration.

13 London Gateway/Stanford le Hope LGF Project Update

The Board received a report from Kevin Munnely and Howard Davies, the purpose of which was for the Board to receive an update on the delivery of the London Gateway/Stanford le Hope Local Growth Fund (LGF) project (the Project).

The Board has been provided with regular updates on the Project and the update included a request for an extension to the deadline for consideration of the updated Business Case for the Project.

The report also included an update on progress of Phase 1 and progress on Phase 2 design options.

Thurrock Council have requested an extension until February 2024 for consideration of a revised Business Case for the Project. Due to the Section 114 notice which is in place, the governance processes are more complicated and this has resulted in the Business Case process being extended.

Kevin provided the Board with an update on the Project and indicated that design work for Phase 2 of the Project is progressing well. This design will be used to help inform the revised Business Case.

Kevin also gave the Board an overview of the key milestones as set out in Table 1 of the report. He advised that a revised Business Case will be submitted to the Board in February 2024. Kevin confirmed that Thurrock Council are confident that this timeline can be met.

Kevin highlighted that there remains cost uncertainty until the design work has been completed. If there is a requirement to seek additional funding to support delivery of the Project, this could be challenging given the current financial position of Thurrock Council. However, internal discussions have commenced with a view to mitigating this risk should it arise.

Cllr Lamb enquired as to whether relevant third parties have been approached with regards to the potential funding shortfall with a view to securing additional funding to support project delivery. Kevin confirmed that conversations are in progress in this regard with DP World, Network Rail and the freeport. Kevin indicated that one of the challenges is that the designs need to future proof the Project and to provide capacity for future growth, however, no additional financial contributions have been committed at this stage in relation to future development and this is placing pressure on the project budget.

Adam Bryan indicated that the Chair of Opportunity South Essex had requested that concerns regarding the lack of progress on the Project which were raised at the Opportunity South Essex Board meeting on 15 June 2023 are noted by the Board.

Cllr Arnold updated the Board on the scale of growth expected in the local area, particularly at DP World, and indicated that this information would be factored into the revised Business Case. Given the complexities around the Project and likely changes from the original Business Case, Cllr Arnold requested that the recommendation at 2.1.1 of the report be expanded to also include submission of a report from Thurrock Council for consideration by the Board.

Resolved:

1. **To Agree** that the updated Business Case and report 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. **To 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.

14 **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 Arnold queried whether equity in relation to the release of the GPF funding was being considered in the preparation of options for the Strategic Board to consider in July 2023. Helen confirmed that this was one of the factors that was being considered when developing the options.

Resolved:

1. **To Note** the updated position on the GPF programme.
2. **To Note** the revised drawdown schedule for the No Use Empty South Essex project (as set out in Section 6 of this report).
3. **To Agree** the proposed revised repayment schedule for the No Use Empty South Essex project (as set out in Section 6 of the report).

15 **Date of Next Meeting**

The Board noted that the next meeting will be held on Friday 22 September 2023 at the Launchpad at Southend Airport Business Park.

16 **Urgent Business**

None.

Report title: SELEP Operations Update	
Report to Accountability Board	
Report author: Keri Lawrence – Governance Officer	
Meeting Date: 22 September 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 the SELEP transition arrangements, 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 decisions taken by the Strategic Board for the transition of the LEP and the integration of its activities into Local Authorities at Section 4;
- 2.1.2. **Note** the summary of, and reflection on, the Government guidance for the Transfer of LEP core functions to combined and local authorities at Section 5;
- 2.1.3. **Note** the updated Risk Register in light of decisions taken by the Strategic Board and Government guidance at Section 6 and Appendix A;
- 2.1.4. Note the update on Assurance Framework compliance monitoring at Section 7;
- 2.1.5. **Agree** to appoint Abbie Kempe and Thomas Wolfenden in a shared role as non-voting co-opted members of the Accountability Board on the nomination of the higher education sector as outlined at Section 8;
- 2.1.6. **Note** the update on Governance KPIs at Appendix B.

3. General Operations Update

- 3.1. The SELEP Delivery Plan for 2023/24 was agreed at 7 July 2023 Strategic Board meeting. During Q1 and Q2 of 2023/24 progress has continued to be made in relation to the key areas outlined in the plan around strategic planning

and intelligence; communicating, collaborating and convening; and direct delivery.

- 3.2. This includes the publication of the SELEP State of the Region Report in July 2023; ongoing engagement with our broader strategic network through SELEP's monthly newsletters; convening key groups such as the Major Projects Group to collaborate on shared issues including skills and the challenges around tutor shortages; and delivery of the Growth Hub service - the South East Business Hub - across the region. A new round of Getting Building Fund funding was launched in July and we continue to monitor the delivery of existing capital programmes, with 2023/24 already seeing a number of projects reach key milestones including the opening of Thanet Parkway railway station, a new communal area and playground to support the regeneration and revitalisation of Southend city centre, and the launch of Sunspot – a landmark, purpose-built business centre on the seafront at Jaywick Sands.
- 3.3. In addition to business as usual activities, the delivery plan reflects that SELEP is in a transitional period and therefore the work of the SELEP Secretariat will be increasingly focused on ensuring the effective transition of SELEP functions by March 2024, as outlined in Section 4.
- 3.4. Regarding the Deep Dive into East Sussex projects where the delivery partner is Sea Change Sussex, we are still waiting for an update from the Assurance Team from the Cities and Local Growth Unit.
- 3.5. The number of requests for information from members of the public with regard to SELEP funded projects has reduced in recent months. Any requests received continue to be addressed in accordance with appropriate legislation or guidance.

4. SELEP Transition Update

- 4.1. At Spring Budget 2023, the Chancellor announced that the Government was 'minded to' withdraw central government support (core funding) for Local Enterprise Partnerships (LEPs) from April 2024 and transfer their functions – namely, business representation, strategic economic planning, and the delivery of government programmes where directed – to local authorities, where they are not already being delivered by combined authorities or the Greater London Authority. On 17 March 2023 the Department for Levelling Up Housing & Communities (DLUHC) and the Department for Business & Trade (DBT) launched an information gathering exercise on the practical implications of this proposal. Further, on 18 May 2023 the LEP received a letter from DLUHC confirming the 'minded to' position and outlining a reduced allocation of £250,000 LEP core funding for 2023/24.
- 4.2. As a result, in May 2023 work started in earnest to plan how integration of SELEP functions into local authorities might best work. Four scenarios were developed covering all feasible options under which integration could happen, in line with Government policy. All four scenarios resulted in the eventual closure of SELEP, irrespective of the time taken to complete the processes

which underpin an orderly transition. Relating to the transition four options for 2024/25 were presented:

- A. No change, with full integration of LEP functions by March 2025
- B. Reduced SELEP team, with full integration of LEP functions by March 2025
- C. Host regional team until March 2025, with LEP integration by March 2024
- D. Full integration of LEP functions by March 2024

4.3. These scenarios were presented to a special session of Board Directors on 12 June 2023 to help shape the recommendation to present to the 7 July Strategic Board meeting. Whilst the meeting was not a decision-making forum, the discussions and debate resulted in a preferred position of ‘Scenario D’. This was largely attributed to the clear direction of policy and the need to provide clarity for staff, businesses and partners at the earliest point.

4.4. The Strategic Board resolved at the meeting of 7 July 2023 to agree to the adoption of ‘Scenario D’ for the transition of the LEP and the integration of its activities into Local Authorities by March 2024. The scenario is summarised in the table below:

Scenario D: Full integration of all LEP functions by March 2024

Headline	Movement of all staff and functions into local authorities by April 2024, or as close to that date as possible.
Functions	All funded functions inc. required capital programme management, delivered by staff moving into individual Local Authorities.
Timeline	Integration of LEP functions by 1 April 2024, or as close to that date as possible.
Governance	Contracts novated; functions transferred formally; Boards disbanded. Government requirements for ongoing delivery to be established. Require analysis of Framework Agreement to ascertain close down obligations on partners.
Finances	Revenue remaining to cover close down, including the costs of the Accountable Body; and moved staff costs would transfer to local authorities.
People	Staff moved to Local Authorities, via TUPE or agreed arrangements, or compulsory redundancy through consultation.
Pros	Clean break; strong policy response; could provide clarity to staff at early stage and business and partners.
Cons	Limited time to agree processes and implement; loss of value-added strategic work; potential for lost opportunity and momentum; risk of alienating business; potential for quick loss of expertise.

- 4.5. Further, the Strategic Board resolved to support the development of a transition plan, for agreement at the next Strategic Board meeting with local authority partner commitment to providing written confirmation detailing the capacity available within each authority.
- 4.6. On 4 August 2023, weeks later than expected, the LEP received a letter from DLUHC confirming that from April 2024, the Government's sponsorship and funding of LEPs will cease. Alongside this decision, technical guidance for LEPs and local authorities was published.
- 4.7. Following the Strategic Board's decision in July, a meeting was held on 19 July with Local Authority Senior Officers to discuss and plan the transition process. As a result five workstreams were established to facilitate the transition. Through these the LEP will engage all six authorities, the Accountable Body and other partners (as appropriate) to ensure all relevant information and detail is shared, options for future operations are discussed and processes and timelines for transition and integration agreed. These workstreams cover:
 - 4.7.1. Governance and Capital Programme
 - 4.7.2. Partnership and Network
 - 4.7.3. Growth Hub and Business Support
 - 4.7.4. Data and Intelligence
 - 4.7.5. Resourcing
- 4.8. A member of the SELEP team is facilitating each workstream, outputs from which will feed into the draft Transition Plan to be brought to the Strategic Board meeting on 13 October 2023, including a collective governance timeline that provides a clear line of sight on decision making between now and March 2024. In achieving a full transition, in accordance with the extant local and national Assurance Frameworks, there are important legal processes to go through that will need to be set out within the Transition Plan and agreed with the six upper tier local authorities and Government.
- 4.9. Key considerations in the development of the Transition Plan for LEP functions will be around the management of the capital programme for which Government retain expectations on the spend of Growing Places Fund funding and the monitoring and evaluation of the wider £550m capital programme currently being delivered by Partners with the Government funding that was allocated to SELEP; the continuity of business support provision as Government review the positive impact of Growth Hubs and determine next steps; and the coordination of cross-area strategic work and sector-driven private sector partnerships such as the South East Creative Economy Network and the Major Projects Group.

- 4.10. The future governance expectations of Government around the ongoing monitoring and evaluation of commitments made by the LEP will determine the route that our governance transition needs to take.
- 4.11. The guidance received from Government on 4 August did not set out the expectations in regard the ongoing monitoring of the capital programme, post April 2024. So, whilst we await clarity on Government requirements on this, it is expected that it will be necessary to transition the agreements that are currently in place around projects in the capital programme and draw a direct contractual relationship between DLUHC/Government and the upper tier Local Authorities with respect to future management and oversight of the projects in receipt of SELEP funding. It will also be necessary to formalise the transfer of our other functions to ensure that each area of the LEP is fully sighted on the plans.
- 4.12. As agreed by the Strategic Board in July 2023, SELEP Ltd will close as of the 31 March 2024, or as nearer date that can be achieved. At the appropriate time, SELEP/Accountable Body will work to disband the Strategic Board and revoke the Joint Committee Agreement which underpins the Accountability Board, pending the decision on the future management of the Growing Places Fund. Please note that this will require a structured process that is still to be determined.
- 4.13. Close down obligations on partners will be exercised as part of the Framework Agreement and closure costs and additional costs borne by the Accountable Body will have to be quickly ascertained, as they are expected to be met from the SELEP residual funding – the support required from the Accountable body will depend on the proposed transition plan and any further expectations of Government.

5. Government guidance: Transfer of LEP core functions to combined and local authorities

- 5.1. Alongside the letter of 4 August 2023 confirming the Government's decision to cease funding of LEPs, technical guidance for LEPs and local authorities was published.
- 5.2. The information gathering exercise outlined at section 4.1 above identified overlap between some of the functions being discharged by LEPs, local authorities and combined authorities, as well as confirming that there is already a high level of integration of LEP functions in Mayoral Combined Authority areas. The exercise also highlighted the different perceived levels of benefit and engagement between LEPs and local authorities. The Government's view is that there is likely to be scope for greater join-up, efficiencies, and clarity for the private sector by these functions being discharged within Mayoral Combined Authorities, devolution deal areas and upper tier local authorities, working together as appropriate.
- 5.3. Government has indicated in the letter that they will therefore provide some revenue funding to local and combined authorities in 2024/25 to support them to deliver the functions currently delivered by LEPs. Details of this support and

further clarity on the functions and delivery expectations Government will have of local authorities, will be confirmed at a later date, potentially January 2024. Funding beyond 2024/25 will be subject to future Spending Review decisions.

- 5.4. Government expects that integration of LEP functions into areas with a devolution deal or into upper tier local authorities will be undertaken as quickly as possible, ensuring a smooth and orderly transition. Decisions, where appropriate, on the transfer of assets should be agreed by the LEP, its Accountable Body, and respective local authorities by March 2024, though government recognises that the practical integration and transfer process may stretch beyond that date.
- 5.5. The technical Government guidance provides limited detail, with an emphasis on an individualised case-by-case local approach to LEP integration. Local areas have been encouraged to respond to Government with any concerns or queries. SELEP has therefore put clarification questions to Government on behalf of partners to try and better understand how we progress.
- 5.6. Specific aspects of integration outlined in the guidance which require clarification for SELEP are:

5.6.1 **Getting Building Fund (GBF) and Local Growth Fund (LGF)**

The guidance suggests that the Accountable Body of the LEP will continue to be responsible for ongoing monitoring arrangements for both Getting Building Fund (GBF) and Local Growth Fund (LGF) programmes. However, in the SELEP example, without an on-going partnership arrangement across the whole of the geography this is unlikely to be a sustainable model especially given that the National Local Growth Assurance Framework (on which the LEP governance is based and includes the expectation of monitoring) is advised within the guidance to only apply up to a reasonable point before integration. Clarification is required therefore with respect to the point at which the Accountable Body is no longer considered to be accountable for the funds that have been allocated to it on behalf of the SELEP.

5.6.2 **Growth Hubs**

In areas where there is no devolution deal, Government expects local authorities to work together to ensure seamless Growth Hub provision across the area, which will continue to support businesses and to provide a convening point for broader business support provision. It sets out the Department for Business and Trade (DBT) gateway criteria to receive core funding to deliver Growth Hub services from April 2024. Historically, late notification and confirmation of funding for Growth Hubs has caused challenges in maintaining an effective service and within Greater Essex, caused a break in service within the current financial year. Assurances are sought therefore that funding for this service from April 2024 will be provided by the DBT as well as clarification with respect to expectations for match funding for this grant.

5.6.3 **Assurance:**

The guidance sets out that the S151 officer of the Accountable Body is required to provide an end of year assurance statement and Section 151 return. Clarification is sought as to how this will align with expectations that LEPs only have to comply with the National Local Growth Assurance Framework up to a reasonable point before transition and may not be able to comply with all requirements to effect transition, for example with respect to allocation of the remaining Growing Places Fund funds.

5.6.4 **Transfer of LEP functions:**

The guidance specifies that, as private enterprises, LEPs may choose to continue operating, but government will now support local authorities to take on LEP functions previously supported by annual core funding – namely, business representation, strategic economic planning, and responsibility for the delivery of government programmes where directed. Government expects these functions to be exercised by upper tier local authorities (working in collaboration with other upper tier local authorities as appropriate), where they are not already delivered by a combined authority, or in areas where a devolution deal is not yet agreed. Wherever possible, government expects local authorities to work together to deliver LEP functions within potential devolution deal geographies (whole county geographies or functional economic areas with a minimum population of 500,000, in line with the geography principles set out in the Levelling Up White Paper).

Given that the guidance states that Government expects that integration of LEP functions into areas is undertaken as quickly as possible and where possible by March 2024, clarification is sought on the proposed timelines for funding announcements and any further guidance, which at present is indicated in January 2024 at the earliest. In addition, reference is made to ‘delivery of specific government programmes’, clarification is required on what is meant by this and whether this is intended to include reference to former programmes such as GBF (where delivery is expected to be complete) where additional capacity revenue funding was allocated to LEPs to support delivery of that programme.

6 Updated Risk Register

6.1 **Transition:**

Risk 9: This risk relates to the workload and wellbeing of the Secretariat and continues to be rated as high. 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. A significant risk during the transition process is the loss of staff through 2023/24 as they understandably seek more secure routes to employment elsewhere. It is essential to provide clarity to the existing staff to mitigate the risk of losing the critical resources of knowledge and expertise at a time when it is most needed in planning for the future.

Some residual SELEP activities may need to continue to be undertaken beyond March 2024. These will be determined by the still to be clarified requirements of Government around ongoing responsibilities for managing the capital programme and undertaking monitoring and evaluation at a legacy LEP level, this work will need to be supported and resource made available from what is remaining of the SELEP revenue budget.

Risk 48: Following review of the Risk Register, newly considered risk number 48 relates to the concerns outlined at section 5.6.4 above and the lack of detailed Government guidance for the transfer of LEP core functions to upper tier local authorities. Functions currently undertaken by the LEP will be transferred into Local Authorities according to transition plans agreed locally and agreed at LEP level. There is a significant risk of transition delay should uncertainty impact local and LEP level decision-making processes and thereby transition planning and implementation by March 2024.

6.2 **Capital Programme:**

Risk 19: 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 to take funding decisions related to the 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 continued to spend their GBF funding allocations into Q1 2023/24. The GBF Update report (Agenda Item 8) confirms that full GBF spend could not be achieved by 30 June 2023 as required by the Board. Three projects are seeking approval to retain their GBF funding allocation beyond 30 June 2023 at this meeting. It should however be noted that two of the three projects completed their GBF spend between 1 July and 31 August 2023 and therefore the level of risk associated with these decisions is reduced.

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 9), 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.

Risk 46, rated as medium, is a reputational risk related to the number 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.

7 **Assurance Framework Monitoring**

- 7.1 SELEP continues to regularly manage its compliance with the National Assurance Framework and ensure that it is governed, and decisions are made, in line with the framework's requirements. An Internal Audit for 2022/23 was undertaken by Essex County Council (as the Accountable Body) (Final Audit Report May 2023) to assess the robustness of governance over decision making, project delivery and financial / risk management processes, in order to provide assurance to the S151 Officer and SELEP that such areas of potential risk are being controlled to an acceptable level.
- 7.2 The audit outcome was that of Satisfactory Assurance decreased from that of Good Assurance awarded in 2021/22. Internal audits of SELEP have received positive assurance opinions over the past several years. This continues to be the case based on audit observation of SELEP's internal control environment specifically. However, in 2022/23, significant external risks have materialised which now inherently limits the amount of assurance that should be taken, linked to future uncertainty of the LEP; subsequent to the completion of the report, the Government confirmed that funding for LEPs would not continue beyond 2023/24 and SELEP is currently planning for the transition of functions to Local Authorities from April 2024. The audit outcome therefore recognises that SELEP continues to have controls in place to help manage emerging risks to the best of its ability. However, it is important that these are proactively monitored throughout the transition period.
- 7.3 Two Moderate operational audit actions have been raised which are now subject to ongoing monitoring:

Action 1 - Adherence to the Conflict-of-Interest Policy for all members of the Boards including the Strategic Board, Accountability Board and the Federated Bodies: The Conflict-of-Interest Policy states that Registers of Interest must be reviewed and re-submitted at least annually. An improved governance process ideally needs to be put in place to ensure that compliance with the Conflict-of-Interest Policy can be maintained. It is acknowledged within the Audit that there are limited resources within the SELEP Secretariat Team to monitor this control, especially at the Federated Board level.

SELEP response to action 1:

SELEP has undertaken a review of Registers of Interest since May 2023, ensuring re-submission where necessary and publication on the SELEP website where required. (The Registers of Interest of SELEP Strategic Board members and Accountability Board members are published online). A review is undertaken on an ongoing monthly basis to ensure annual re-submission dates of Registers of Interest for officers and Board members are met, with a simple spreadsheet devised as a tool to flag annual dates for review, requests for review and any outstanding re-submissions. Registers of Interest have been requested and submitted as part of the induction process for all newly appointed members of both the Strategic Board and Accountability Board, as well as for any substitute representatives in advance of meetings of both boards.

Action 2 - Post-implementation monitoring and evaluation reviews to assess whether completed individual projects achieved their required return on investment after one and three to five years: A process should be put in place to help ensure priority is given to making sure outstanding monitoring and evaluation reports are completed and presented to the Accountability Board.

SELEP response to action 2:

SELEP has been working with local partners to support the required post scheme completion monitoring and evaluation across the LGF and GBF Capital Programmes and this has been reflected through the reporting to the Board in the respective programme updates. In addition, the Secretariat will be producing reports which solely focus on the required post scheme completion monitoring and evaluation for consideration by the Board at future meetings. It is intended that the first of these reports will be presented to the Board in November 2023.

- 7.4 The DLUHC wrote to LEP Chief Executives on 18 May 2023 setting out its position on LEP assurance and associated requirements for 2023/24. As per that letter, a light-touch Annual Performance Review (APR) assurance cycle will take place in 2023/24 where LEPs are still operational.
- 7.5 The approach will continue the tiered structure implemented in the 2022/23 assurance cycle. Assurance activities will consider any residual LGF and GBF spend, via freedoms and flexibilities, brought forward into 2023/24 by LEPs.
- 7.6 The Government does not propose to conduct any further LEP “deep dives” or compliance checks this year (2023/24) unless circumstances require it.
- 7.7 The National Local Growth Assurance Framework will remain in force and will continue to apply up to a reasonable point before integration. The LEP should adhere to the requirements for as long as they are applicable. Assurance arrangements beyond that for those areas that are not yet under devolution, for whom the English Devolution Accountability Framework (2023) applies, is unclear and further clarity has been sought from Government.
- 7.8 Beyond 2023/24, if a LEP continues to operate without core funding, and is therefore not conducting functions for government, Government do not expect to conduct assurance activities upon it. If the LEP is continuing to deliver functions on behalf of the local authority or authorities, the relevant assurance requirements for those functions would apply to the local authority or authorities.
- 7.9 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.
- 7.10 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.

- 7.11 The Strategic Board composition requirements within the National Local Growth Assurance Framework 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.
- 7.12 As part of the current assurance and monitoring process for 2023/24, all LEPs are required to publish a Delivery Plan. The SELEP Delivery Plan for 2023/24 was agreed at 7 July 2023 Strategic Board meeting.
- 7.13 All LEPs are still required to produce an Annual Report (and annual accounts) for 2022/23. This will be produced for the SELEP AGM planned for October 2023.

8 Accountability Board Higher Education Representative

- 8.1 The Assurance Framework specifies the Accountability Board membership as follows:
- i. Voting members:
 - a. 1 member appointed from each of the 6 County/Unitary Councils.
 - ii. Non-voting co-opted members:
 - a. the Deputy Chair of the Strategic Board (Chair);
 - b. one member appointed by the Accountability Board on the nomination of the higher education sector;
 - c. one member appointed by the Accountability Board on the nomination of the further education sector.
- 8.2 Currently, the position of Further Education representative is vacant following the appointment of the former Further Education representative Simon Cook as SELEP Deputy Chair (and Chair of the Board) on 26 May 2023; and the role of Higher Education representative has been vacant since April 2023.
- 8.3 Following the meeting of the U9 group of universities on 18 July 2023, Abbie Kempe and Thomas Wolfenden were nominated to act in a shared role as non-voting co-opted members (Higher Education representatives) of the Board. The membership of U9 is formed of nine higher education institutes within the SELEP geography: University of Kent, University of Greenwich, University of Essex, University of Sussex, University of Brighton, Anglia Ruskin University, Canterbury Christ Church University, University for the Creative Arts, Writtle University College).

8.4 The role of the non-voting co-opted members of the Board is to provide additional sector specific insight and advice to the Board in line with the requirements of the Assurance Framework. The Board is recommended to agree to the appointment of the nominated U9 representatives to share the Higher Education co-opted position on the Board.

9 Key Performance Indicators

9.1 A number of KPIs are being tracked to ensure there is compliance with the governance requirements in the SELEP Assurance Framework. These can be found at Appendix B.

9.2 All KPIs are mostly delivering in line with targets. Success Essex has not recently met. The Secretariat will continue to communicate with officers to improve and maintain compliance and ensure that this stays on track as conversations around transition gather pace across the area.

10 Accountable Body Comments

10.1 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. Whilst it is noted that the government guidance for LEP transition makes allowance for the National Local Growth Assurance Framework to remain in force and to continue to apply up to a reasonable point before integration, there remains an expectation for the s151 Officer of the Accountable Body to continue to provide assurances of compliance.

10.2 Additional guidance has been sought from Government to clarify their expectations in this respect, however, it is anticipated that there will need to be some pragmatism in approach to ensure that the decision making needed to bring about the required changes can be effected, provided that decisions meet minimum requirements, such as being legal, transparent and meet any relevant grant conditions.

10.3 A key role of the Accountable Body through LEP transition will be to ensure consideration and transference, as appropriate, of any residual accountabilities in respect of funding being held and managed by Essex County Council on behalf of the SELEP.

10.4 It is anticipated that a number of close down activities will need to continue to be managed post closure of SELEP which will need to be funded through the residual funding to support the SELEP transition (see Agenda item 6.)

10.5 Through the life of SELEP, the purpose of the Assurance Framework has been to ensure that the necessary systems and processes are in place to manage delegated funding from Central Government budgets effectively.

10.6 The S151 Officer of the Accountable Body is required to provide the following confirmation to Government on an annual basis:

SELEP Operations Update

- 10.6.1 That all the necessary checks have been undertaken to ensure that SELEP has in place the processes to ensure the proper administration of their financial affairs and that they are being properly administered; and
- 10.6.2 That SELEP's Local Assurance Framework is compliant with the minimum standards as outlined in the *National Local Growth Assurance Framework (2021)*.
- 10.7 This confirmation was provided by the S151 Officer on the 28 February 2023; Government have advised that a similar confirmation statement is expected to be required through the Annual Performance Review process for 2023/24.
- 10.8 The S151 Officer of the Accountable Body is required to ensure that oversight of the proper administration of financial affairs within SELEP continues throughout the year.
- 10.9 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 for SELEP to be properly administered.
- 10.10 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).
- 10.11 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. The majority of GBF projects are now reported as completed, but 3 projects have requested an extension to continue beyond June 2023. Monitoring of all GBF projects will be required on-going and any reporting requirements complied with by Partners in line with the agreed arrangements.
- 10.12 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.
- 10.13 It remains unclear currently how long Government may continue to request reporting on either the LGF or GBF programmes, however, it is expected that this will be a key consideration of any transition agreements with Local Partners and Government.

11 Financial Implications (Accountable Body comments)

- 11.1 Government have allocated Core funding to SELEP for 2023/24 at a reduced allocation of £250,000. Government have also confirmed that this will be the final year in which LEPs will be allocated core funding due to the expectation that their functions will transfer to Local Authorities from 2024/25 – Government have indicated that there may be some funding to support the Local Authorities in 2024/25, but on-going funding remains subject to confirmation through future spending reviews.
- 11.2 The finance update in agenda item 6 proposes an amendment to the agreed budget for 2023/24 to take into account the receipt of the Core Funding to support delivery in this financial year. 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; an assessment of any residual funding to support the transition of functions to Partners will be considered alongside the development of the draft plan due to be considered by the Strategic Board in October 2023. Any decisions required by the Board to support these arrangements will be brought to a future meeting, once requirements have been clarified.
- 11.3 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.
- 11.4 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.

12 Legal Implications (Accountable Body comments)

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

13 List of Appendices

- 13.1 Appendix A – Extract from Risk Register
- 13.2 Appendix B – Governance and Transparency KPIs
- 13.3 Appendix C – Assurance Framework Compliance Monitoring

14 List of Background Papers

- 14.1 None

SELEP Operations Update

(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)	14/09/2023

South East LEP

Risk Register - All Risks

Ref	Risk Title and overview	Risk Type	Likelihood	Impact	Score	Rank	Description	Mitigation	Risk Owner	Dates/Deadlines
9	Change to 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 continues to be made on the basis of the resource available and known. Future resourcing (for Local Authorities) is a workstream of the transition planning and involves all 6 Upper Tier Local Authorities to plan for a smooth transition of functions and resource from the LEP, where this is desired. SELEP also remains involved in devolution discussions where applicable.	All Man Team	Ongoing
10	Recruitment and Retention of Board Members	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 with confirmation that LEP funding will end from April 2024. Impact on ensuring quorate for decision-making at key meetings, in particular in-person meetings.	Clear communication and engagement with public and private stakeholders as to business continuity via future Local Authority arrangements, to improve retention. Workstreams seek to gain early (as possible) clarity on the future arrangements within Local Authorities to ensure continuity despite different and more local geographies. SELEP's federated model aligns well to this.	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 agreed by the Board and another project identifying significant repayment challenges.	The Capital Programme Team are working with project leads to understand where GPF repayments are at risk. Whilst a new round of GPF funding is not planned for 2023/24, proposals for ongoing use of the GPF funding post SELEP will take into account the remaining balance owed against the existing GPF loans.	H Dyer	Ongoing
15	Misadministration of grants	Funding/Financial	3	4	12	Med	Grants issued by HM Government can potentially be clawed-back by HM Government 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 HM Government 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 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, Brexit and the Russia Ukraine conflict 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 monitored and the team work closely with delivery partners. The team is also providing regular updates to HM Government. Award of available GBF funding to existing GBF projects helped to mitigate the risk to realisation of expected project outputs and outcomes. All known changes to GBF outcomes and outputs have been approved by DLUHC. However, an exercise to rebase the outcomes of the LGF 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 a notional allocation of £475,000 for Growth Hub service delivery in 2023/24 and a grant funding agreement with DBT is now in place. The agreement was late in finalising and so the Q2 claim to DBT will be combined with the Q3 claim in October. Southend-on-Sea City Council withdrew from hosting the BEST Growth Hub from 1 April 2023, Essex County Council has agreed to host and has procured a third party provider (Colbea) to reinstate BEST in early July 2023 and run for the remaining 9 months of the f/y. New expectations of core funding for 2023/24 (monthly reporting, data sharing and alignment with Govt depts) need to be embedded into service delivery in-year, which poses a minor risk to compliance. Ongoing risk to service continuity and retention of experienced staff due to uncertainty around future Growth Hub funding and transition of Growth Hub as a LEP function to Local Authorities.	SELEP is leading the process of GH funding claims with lead Local Authorities to draw down quarterly Growth Hub funding from DBT. SELEP has raised the risks to continuous delivery and staff retention with DBT via the Growth Hub Network, the LEP integration questionnaire and the LEP Network. Growth Hub and Business Support is a workstream in the LEP Integration planning process with UTLAs. Should Growth Hub funding be forthcoming in 24/25, the preferred scenario is to operate three independent GHs that mirror the BES, BEST and KMGH geography, with three individual Accountable Bodies.	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
34	COVID-19 - Secretariat Risk	Team/Service Delivery	2	4	8	Low	Risk that the operations and activities of the Secretariat are impacted by members of the team being unwell and unable to work. It seems likely that further waves of variants could impact on staffing levels in the future.	Remote working for the Secretariat is continuing for the foreseeable future. Team members have been encouraged to get vaccinated. Management Team to consider business continuity issues on a regular basis and ensure that safeguards on priority activities are put into place as far as possible.	All Man Team	Ongoing

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
36	COVID-19 - Work Plan Risk The continued uncertainty in the economy makes it very difficult to construct strategies and plan as former economic models and approaches may no longer be valid	Team/Service Delivery	3	2	6	Low	Previous uncertainty relating to external economic impacts and the policy response from HM Government impacted on the planning and delivery of SELEP strategies. In July 2023, the SELEP Strategic Board approved a Delivery Plan for 2023/24 which reflected the impact of transition work and the need for a more focused approach in 2023/24. The future focus for SELEP has therefore moved towards transition planning rather than strategy development.	The SELEP Economic Recovery and Renewal Strategy continues to inform our approach, and the delivery plan for 2023/24 highlights our important roles in convening partners to continue to deliver economic growth and in supporting the transition of responsibilities to Upper Tier Local Authorities from 2024/25.	All Man Team	Ongoing
40	Getting Building Fund - 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 beyond 31 March 2023.	Programme slippage is being managed by both Accountability and Strategic Board. An agreed process has been introduced to manage delays to GBF projects, similar to that used on the LGF. The programme is being actively managed with funding being reallocated to other projects if existing projects are unable to deliver in accordance with the required timescales. Retention of GBF funding beyond March 2022 has been agreed in relation to a number of projects and there is a mechanism in place to ensure that all GBF funding is spent in a timely manner.	H Dyer	30/06/2023
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 ongoing series 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. Consideration will be given to any recommendations made by Government following the completion of the deep dive into projects in East Sussex which are being delivered by Sea Change Sussex. Most importantly, compliance with the National Assurance Framework, Local Assurance Framework, local policy and other applicable regulations must continue, not just by SELEP but by all delivery partners. All delivery partners and third party recipients of funding will be referred to their contractual obligations in responding to requests for information in a timely, open and transparent manner. SELEP and the Accountable Body will take action where it can be evidenced that requirements of the SLA are not being met.	CEO	Ongoing

South East LEP

Risk Register - All Risks

Ref	Risk Title and overview	Risk Type	Likelihood	Impact	Score	Rank	Description	Mitigation	Risk Owner	Dates/ Deadlines
48	Delays to transition process from lack of Government guidance/clarity impacting integration arrangements	Team/Service Delivery	3	4	12	Med	Long-awaited Government guidance has limited technical detail, and is focused on a case-by-case localised agreement on integration of LEP core functions. Lack of clarity with respect to Government expectations of, and funding for, Local Authorities potentially hinders future planning particularly with respect to expectations of the role of the Accountable Body. Further government guidance is indicated for January 2024, however this will be significantly late for the development of transition plans across the LEP area.	Clarity has been sought from Government with respect to the role of the Accountable Body post transition, ongoing monitoring arrangements for both GBF and LGF programmes, s151 return, compliance with the National Local Growth Assurance Framework up to a reasonable point before transition, etc. Whilst swift clarity is not necessarily expected centrally, local partners continue to work on the basis of local solutions and, if need be, will seek to gain Government agreement to these.	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, including its 10 working groups, where engagement remains strong. Through the transition workstreams, SELEP is working closely with Local Authorities and other partners to try and ensure a smooth transition of work that keeps stakeholders engaged in the work for the remaining time that SELEP leads it, and hopefully beyond.	CEO	Ongoing

South East LEP

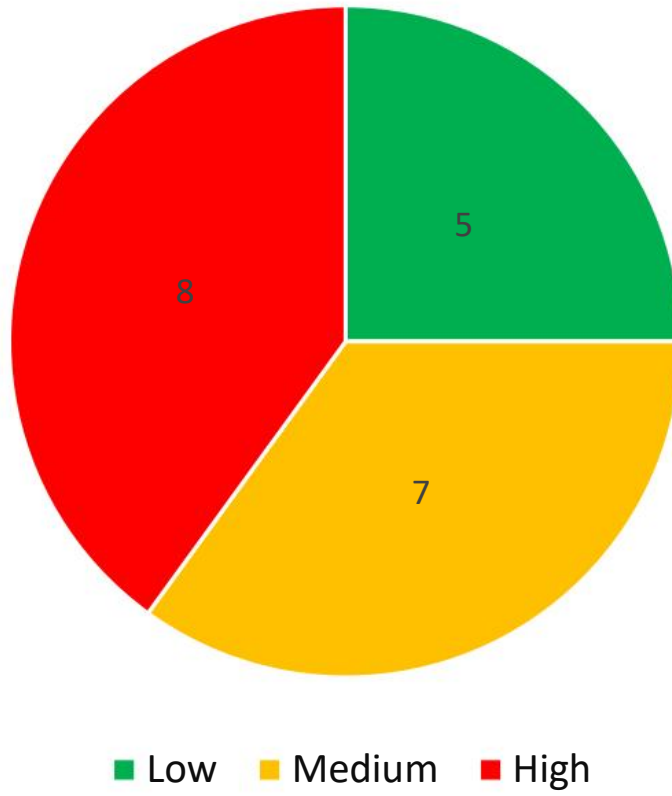
Risk Register - scoring matrix

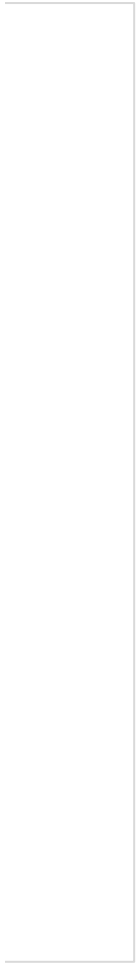
Likely	5	5	10	15	20	25
	4	4	8	12	16	20
Likelihood	3	3	6	9	12	15
	2	2	4	6	8	10
Unlikely	1	1	2	3	4	5
	0	1	2	3	4	5
		Low impact			High Impact	
		Impact				

Graphs Risks by Rating

Low	5
Medium	7
High	8
	20

Risks by Rating





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
22/09/23	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	Met (Y/N)?	Meeting date	Met (Y/N)?	Meeting date	Met (Y/N)?
Accountability Board	15/07/22	Y	23/09/22	Y	25/11/22	Y	27/01/23	Y	13/04/23	Y	16/06/23	Y		
Strategic Board	24/06/22	Y	21/10/22	Y	09/12/22	Y	10/02/23	Y	07/07/23	Y				
SE	06/06/22	Y												
KMEP	14/06/22	Y	20/09/22	Y	22/11/22	Y	21/03/23	Y	20/06/23	Y	19/07/23	Y	06/09/23	Y
OSE														
TES	20/06/22	Y	17/10/22	Y	05/12/22	Y	06/02/23	Y	15/05/2023	Y	03/07/23	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)?	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	16/06/23	Y				
Strategic Board			24/06/22	Y	21/10/22	Y	09/12/22	Y	10/02/23	Y	07/07/23	N				
SE			06/06/22	Y												
KMEP			14/06/22	N	20/09/22	Y	22/11/22	Y	21/03/23	Y	20/06/23	Y	19/07/23	Y	06/09/23	Y
OSE																
TES	03/05/22	Y	20/06/22	Y	17/10/22	Y	05/12/22	Y	15/05/23	Y	03/07/23	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)?	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	16/06/23					
Strategic Board	18/03/22	Y			24/06/22	Y	21/10/22	Y	10/02/23	Y	07/07/23					
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	19/07/23			Y
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	03/07/23	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	100%

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
LOCAL ENTERPRISE
PARTNERSHIP

ASSURANCE FRAMEWORK MONITORING

Updated September 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

Report title: Updated 2023/24 Revenue Budget	
Report to Accountability Board	
Report author: Lorna Norris, Senior Finance Business Partner	
Date: 22nd September 2023	For: Decision
Enquiries to: lorna.norris@essex.gov.uk	
SELEP Partner Authority affected: <i>Pan SELEP</i>	

1. Purpose of Report

- 1.1 The purpose of this report is for the Accountability Board (the Board) to consider the update to the 2023/24 revenue budget and the impact for the funding position to support costs in future years.

2. Recommendations

- 2.1 The Board is asked to:

2.1.1 **Approve** the proposed 2023/24 updated SELEP revenue budget set out in Table 1, including the updated drawdown from the Operational Reserve of £650,000 to fund the planned net expenditure.

2.1.2 **Note** the update on the funding risks and reserves set out in sections 3.9 and 3.10 of the report respectively.

3 SELEP Revenue Budget 2023/24

- 3.1 When the budget for 2023/24 was agreed by the Board in November 2022 it was assumed that no new revenue funding would be available to support SELEP beyond 2022/23 due to the uncertainties in respect of the future of SELEP. In July, however, the Government confirmed and allocated Core funding of £250,000 (a further reduction from that allocated in 2022/23 of £375,000). With the confirmation of funding, the Government advised that 2023/24 would be the final year of funding for LEPs, with an expectation that LEP functions would be transitioned to local authorities by April 2024.

- 3.2 The proposed updated budget set out in Table 1 incorporates receipt of this funding and the funding allocated to continue the Growth Hub service (£475,000) through 2023/24 that was also confirmed in July. The proposed budget has also been updated to reflect the latest forecast planned spend by the SELEP Secretariat to align to the Delivery Plan agreed by the Strategic Board in July 2023.

- 3.3 The updated budget proposal includes a revised contribution from the Operational reserve of £650,000 to fund the net expenditure in 2023/24; this represents a reduction of £395,000 in comparison to the budget position

agreed in November 2022 of £1.045m. The net impact on the Operational reserve reduces to £866,000, when planned contributions from Earmarked Reserves are taken into account. A summary of movements in the budget are set out in Table 2 below. Within this movement, the following key movements are noted in addition to the grant funding now expected to be received:

Staff Salaries – the net movement of £172,000 reflects a net reduction in the Secretariat costs following vacant posts not being recruited to due to the planned closure of the SELEP, plus an increase in proposed recharges following confirmed receipt of the Growth Hub grant, that was not anticipated when the budget was set.

Consultancy and Project Work – the total movement of £38,000 includes provision of funding for additional external support for implementation of the agreed Delivery plan, to reflect the reduction in employed resource supporting the SELEP in 2023/24.

Grants and Contributions to Third parties – the total movement of £402,000 is in respect of the contributions to the local Growth Hubs funded by the Growth Hub Grant that has now been agreed to be received in 2023/24 from the Government Department of Business and Trade (DBT).

Contributions to the Operational Reserve – this relates to a higher than anticipated transfer from the Covid-Skills reserve to reflect slippage of spend into 2023/24, as reported to the Board in June (see section 3.7.2).

- 3.4 The updated budget does not propose any changes to the assumed amount of external interest anticipated to be received on the capital balances held by the Essex County Council, as the Accountable Body, on behalf of SELEP; however, there is potential for this value to be understated depending on the combined impact of the length of time the Capital balances in respect of the Growing Places Fund (see section 3.8.5) and the Getting Building Fund (see section 3.8.6) continue to be held by the Accountable Body; and the value of interest rates on investments across the remaining financial year. This position will continue to be monitored and an update provided in the forecast in the next Finance update to the Board.

Table 1: 2023/24 Proposed Budget Summary

	Proposed Updated Budget £000	Original Budget £000	Variance £000	Variance %
Staff salaries and associated costs	691	843	(152)	-18%
Staff non salaries	7	7	0	6%
Recharges (incl. Accountable Body)	93	113	(20)	-18%
Redundancy & associated support costs	-	1	(1)	-
Total staffing	791	964	(172)	-18%
Meetings and admin	94	98	(4)	-4%
Chair and Deputy Chair Allowance including oncosts	3	3	(0)	-16%
Consultancy and project work	62	24	38	157%
COVID-19 Support Programmes	134	66	68	103%
Grants and contributions to third parties	402	-	402	-
Total other expenditure	694	191	503	263%
Total expenditure	1,485	1,155	331	29%
Grant income	(725)	-	(725)	-
Contributions from partners	-	-	-	-
External interest received	(110)	(110)	-	0%
Total income	(835)	(110)	(725)	659%
Net cost of services	650	1,045	(395)	-38%
Funds transferred (to)/from the Operational Reserve (not charged to services)				
Funds transferred from Earmarked Reserves	(247)	(179)	(68)	-
Net Deficit (Surplus) on provision of services	403	866	(463)	-53%
Net Contributions to/(from) Operational reserves	(403)	(866)	463	-53%
Final net position	-	-	-	0%

Table 2: Summary of Movements in the Budget

	£'000
Latest Budgeted Contribution from the Operational Reserve	866
Movements in Net Cost of Services	
Staff Salaries and Accountable Body Recharges	(172)
Increase in Covid support Skills Fund	68
Consultancy and Project work	38
Other net movements	(5)
Increase in Grants and Contributions to third parties	402
Grant funding (Core & Growth Hub)	(725)
Total Movement in Net Cost of Services	(394)
Movement in Contributions to the Operational Reserve	(68)
Total Net Movements	(463)
Proposed Updated Net Contribution (to) / from the Operational Reserve	403

3.5 Only two revenue grants are expected to be received by SELEP in 2023/24, totalling £725,000: Core funding of £250,000 and Growth Hub funding of £475,000. The planned spend for both grants is set out in Table 1; the growth hub grant has stringent grant conditions that must be complied with to ensure receipt and retention of the funding – the SELEP Strategic Board endorsed the proposed spend plan that has been agreed with DBT in July 2023.

3.6 The Core funding allocated by Government is a general grant and as such is planned to be used to support the overall budget set out in Table 1.

3.7 Covid-19 Recovery Funds

3.7.1 In 2020, in response to challenges arising as a result of the Covid-19 pandemic within the SELEP Geography, two programmes of work, Business Support and Skills support, were initiated to support recovery in the region. Funding of circa £4m was exceptionally diverted from the SELEP Growing Places Fund programme to enable delivery of these programmes and has subsequently been managed through earmarked reserves since 2020/21. Some of this funding has since been diverted to the Operational Reserve to support wider SELEP delivery, in accordance with the decisions of the Board.

3.7.2 It was reported to the Board at the meeting in June 2023 that the majority of delivery against the two Covid-19 recovery programmes had been completed, with only the Skills programme anticipating spend into 2023/24 to support the evaluation of the programme. The proposed budget includes the planned spend against the Skills Programme and the offsetting drawdown from the Covid-Skills reserve of £134,000; no funding now remains in respect of these programmes and an update is expected to be provided to the SELEP Strategic Board in October 2023.

3.8 **Capital Funds Update**

3.8.1 In addition to the revenue funds set out in Table 1, the Accountable Body administers the capital funds in Table 3 on behalf of SELEP; whilst the majority of the funds have now been transferred to the respective upper tier Local Authority in the SELEP area to support investments in 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 3.4.

Table 3: Capital Funds Administered by SELEP in 2023/24

Fund	Fund balance brought forward £000	Forecast Funding Received / Repaid £000	Forecast Funding Applied £000	Forecast Fund Balance Carried Forward £000
Local Growth Fund (LGF) (DLUHC)	-	-	-	-
Local Growth Fund (LGF) (DfT)	-	-	-	-
Growing Places Fund (GPF) (on-going Loan Fund)	(12,360)	(5,315)	2,750	(14,925)
Getting Building Fund (GBF)	(3,791)		3,791	-
Total Funds	(16,151)	(5,315)	6,541	(14,925)

Notes to Table 3:

- 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 November 2023. Further information on the GPF position can be found in Agenda item 7. 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 31/03/2022.

During 2022/23, the cancellation of a number of Projects saw the return of £15.4m of GBF to the Accountable Body for reallocation; of this amount, £3.791m was carried forward into 2023/24 of which £1.742m has been transferred to approved Projects and £2.049m remains unallocated. A process is currently underway to prioritise and allocate this amount, with the full value planned to be allocated by the end of 2023/24. Details on this process are set out in agenda item 8.

3.9 Future Funding Risks

- 3.9.1 As set out in agenda item 5, Government have advised that 2023/24 will be the final year of funding for LEPs and it is expected that LEP functions will transition to Local Authorities from 2024/25. In response to this, the Accountable Body is working in conjunction with SELEP and the Partner Authorities to support a managed transition; a draft transition plan is expected to be taken to the October Strategic Board meeting.
- 3.9.2 As part of this process, there is active engagement with Government to seek to understand their expectations with respect to the monitoring and reporting on the Capital programmes that are in delivery; with the anticipated close down of SELEP, it is expected that accountability to Government for these programmes will be transitioned to the respective upper tier Local Authority that is accountable to SELEP for delivery through the respective funding agreements in place. Decisions will be brought back to a future meeting of the Board in this respect, alongside consideration of any residual funds being held.
- 3.9.3 As part of the transition planning, 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, some of which are expected to continue post 2023/24 to support the residual commitments such as preparing the Accounts in respect of 2022/23 and meeting Audit requirements of residual funding streams;

- 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 will now be subject to review as part of the transition planning for SELEP, following completion of the draft transition plan by the SELEP Secretariat. The latest reserves position is set out in 3.10 below; any changes to the level of reserves is subject to a decision by the Board.
- 3.9.5 The current assumption with respect to the Transition arrangements for SELEP is that this will be completed by the 31 March 2024, in line with the expectations of Government. If, however, it is not possible to complete this process within this timeline, reserves will need to be prioritised to support the on-going costs of SELEP and the Accountable Body through this extended period. This risk is mitigated in part by the collective engagement of all Partners in support of the Transition planning; however, timelines will be dependent on agreement across all Partners, including the Accountable Body, and Government with respect to future requirements and accountabilities; timely decisions and agreements in this respect will then enable the timelines to be minimised for the anticipated closure of SELEP and ultimately, the existing SELEP legal and governance structures, including the Board.

3.10 Reserves

- 3.10.1 The proposed updated budget set out in Table 1 includes a total contribution from reserves of £650,000 to ensure there is sufficient funding for the planned net expenditure in the proposed budget. This position assumes receipt of the grants set out in section 3.5, some of which have yet to be received from the respective Government department.
- 3.10.2 Table 4 summarises the level of Operational Reserves that will be available to support SELEP based on the budget proposals within this report. The proposed budget forecasts that £1.059m remains at the end of March 2024 to support the transition to new arrangements; the timing of application of this funding and how it is to be used will be reviewed alongside the draft transition plan, due to be discussed at the October meeting of the Strategic Board. A further update will be presented to the November meeting of the Board in this respect, which may include recommendations to update the proposed budget position for 2023/24.
- 3.10.3 With respect to any residual reserves not required to support the SELEP transition or the residual activities of the Accountable Body following closure of SELEP, a decision will be presented at a future

meeting of the Board to confirm how this is to be allocated.

3.10.4 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 the SELEP during 2023/24 and the transition arrangements alongside any 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 4: 2023/24 Reserves Summary

	Opening Balance Apr '23	Contributions	Withdrawals	Closing Balance Mar '24	Net Movement in Reserves
	£'000	£'000	£'000	£'000	£'000
Operational Reserve	(1,462)	(247)	650	(1,059)	403
Reserves Earmarked for future use					
Covid-19 Skills Support Fund	(134)		134	-	134
Covid-19 Business Support Fund	-			-	-
Redundancy Reserve	(210)			(210)	-
Future Commitments Reserve	(423)		113	(310)	113
Risk Reserve	(975)		-	(975)	-
Total Reserves	(3,204)	(247)	898	(2,553)	650

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 proposed 2023/24 revenue budget is considered to be robust and the level of reserves held is appropriate. However, due to the on-going uncertainties with respect to the SELEP transition timelines and requirements, there remain budget risks both in the current year and into 2024/25, albeit the current level of reserves held is expected to be sufficient assuming this process is concluded in a timely manner.
- 4.3 Any future decision making, will need to take into account the anticipated transition of SELEP functions to the Partner Authorities and ensure that sufficient resources remain available to support any on-going obligations of the Accountable Body; no new funding commitments should be entered into that extend beyond the life of the SELEP without the agreement of the Board and the Accountable Body.
- 4.4 The Accountable Body will continue to support the Secretariat in developing the transition plan, particularly with respect to the residual funding and capital programme implications, as well as consideration of the legal, governance and staffing responsibilities of the Accountable Body.

5 **Legal Implications (Accountable Body comments)**

- 5.1 There are no significant legal implications arising from the proposals 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 None

8 **List of Background Papers**

June Strategic Board Information item on the Covid-19 Recovery Funds: https://www.southeastlep.com/app/uploads/2022/02/Strategic-Board_June-2022_Information-Items.zip

(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)	14/09/2023

Forward Plan reference numbers: FP/AB/674 and FP/AB/675

Report title: Growing Places Fund Update	
Report to: Accountability Board	
Report author: Helen Dyer, SELEP Capital Programme Manager	
Meeting date: 22 September 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 **Agree** that a project update, change request and proposed revised repayment schedule for the Barnhorn Green Commercial and Health Development project should be presented at the Board meeting on 12 January 2024. Noting that if this requirement is not met or the revised proposals are not approved by the Board, the project will be automatically removed from the GPF programme.

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 was intended that a new round of GPF funding would 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](#). During this meeting a number of underlying principles for the new round of GPF funding were agreed.
- 3.6 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 LEPs after 2023/24 and that LEP functions should be integrated into Local Authorities. Government conducted an information gathering exercise to inform the next steps towards integration prior to confirming their minded to decision.
- 3.7 Whilst awaiting further information from Government, there was a need to undertake a significant amount of work to establish how SELEP operations could be effectively integrated into Local Authorities, whilst safeguarding key activities which need to be conducted at a regional level. Whilst a further review of options for use of the available GPF funding was undertaken, the decision was taken to await Government guidance prior to taking any further proposals to the Strategic Board. It was, however, concluded that the approach and underlying principles previously considered by the Strategic Board were no longer appropriate given the different context within which SELEP is now operating. Therefore, the previous decision taken by the Strategic Board was reversed at their meeting on [7 July 2023](#).
- 3.8 It is intended that alternative proposals for the use of the available GPF funding and the ongoing management of existing GPF loans will be presented to the Strategic Board at their meeting in October 2023.

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 eleven 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 assumes release of the funding awarded to the Barnhorn Green Commercial and Health Development project, although this remains subject to further consideration by the Board (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 To assist with options development in relation to the GPF funding currently held by Essex County Council (as the Accountable Body for SELEP), early confirmation regarding the ongoing achievability of repayments due in 2023/24 has been sought. All projects have confirmed that they remain on track to make their scheduled repayment, other than the Sovereign Harbour project where a potential repayment risk has been identified. East Sussex County Council have advised that their view is that the Sovereign Harbour Innovation Mall remains on the market with the intention that it is sold, allowing the remaining balance of the GPF loan to be repaid. East Sussex County Council have also advised that conversations will be taking place between themselves and Sea Change Sussex over the coming months to explore all options in the event that the sale is looking unviable in the timeframe.

Table 1: GPF Cash Flow Position

£	2023/24	2024/25
GPF available at the outset of year	12,359,744	14,924,744
GPF funding repurposed	-	-
GPF available for investment	12,359,744	14,924,744
GPF Round 1 planned investments	0	0
GPF Round 2 planned investments	0	0
GPF Round 3 planned investments	2,750,000	0
Position before GPF repayments are made	9,609,744	14,924,744
GPF repayments expected	5,315,000	3,576,400
Carry forward	14,924,744	18,501,144

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, Barnhorn Green Commercial and Health Development 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. In advance of the next annual update on the ongoing viability of the agreed repayment schedule to the Board (due in November 2023), South Essex College have provided some further commentary around the repayment risks previously highlighted. The College have confirmed that the majority of the risks stated still stand and have reported that repayment of the GPF funding will be subject to sufficient reserves being held at the repayment date. The first repayment is not due until 2025/26 and therefore these risks will continue to be monitored.
- 5.6 The Barnhorn Green Commercial and Health Development project has been awarded a GPF allocation of £1.75m and this funding continues to be held by Essex County Council (as Accountable Body for SELEP). The project has progressed more slowly than anticipated and therefore changes to the budget, scope and repayment schedule for the project are being considered by Rother District Council (as delivery partner). 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. Barnhorn Green Commercial and Health Development – project update

- 6.1 Barnhorn Green is an allocated employment and health zone adjacent to a large housing development in Bexhill, which has been acquired by Rother District Council following a lack of interest from the private commercial development sector.
- 6.2 The ability to deliver new homes in the area has been significantly hindered by a lack of sufficient primary health provision, hence the intention to deliver a new GP surgery on the Barnhorn Green site. The project also includes the provision of new office accommodation and light industrial workspace, suitable for local business start-ups, existing business growth and which will help attract new businesses to the Bexhill area.
- 6.3 In February 2021, the Board approved the award of £1.75m to the Barnhorn Green project. At the time of the funding decision, planning consent was outstanding for the project but this was expected to be confirmed within 5 months of the funding decision. The Board noted that if planning consent was not granted that the project would be removed from the GPF programme, requiring immediate repayment of any funding already drawn down against the project.
- 6.4 Limited updates have been provided on the project since the funding decision was taken and East Sussex County Council (as responsible Upper Tier Local Authority) have not taken any steps to seek drawdown of the GPF funding. As a result, the full £1.75m funding allocation continues to be held by Essex County Council (as Accountable Body for SELEP).
- 6.5 East Sussex County Council, in conjunction with Rother District Council, have now provided an update on the status of the project. It has been confirmed that planning permission for the project has now been granted. This means that the project will not be automatically removed from the programme. However, as has been reported by a number of projects across the SELEP capital programme, the project team are struggling with increasing costs due to rising inflation levels and general cost increases following the COVID-19 pandemic and Brexit. As a result, a review of the project budget is currently underway alongside a re-tendering exercise, with a view to seeking agreement from Rother District Council Cabinet on the updated project costs and budget prior to the end of Q3 2023/24.
- 6.6 In addition, Rother District Council have advised that due to the delay in bringing forward the project, the scope is being revisited to ensure that the workspace delivered meets current demand. This is likely to mean that the project seeks to deliver a larger GP surgery, increased levels of light industrial space and reduced levels of office space. This reflects the reduced demand for office space since the COVID-19 pandemic.

- 6.7 It has also been advised that it is likely that the repayment schedule previously agreed for the project will no longer be realistic due to the delays in progressing the project. The current repayment schedule requires full repayment of the GPF loan in 2025/26. East Sussex County Council and Rother District Council have advised that they will be unable to bring forward a revised repayment schedule until the updated costs have been prepared and the ongoing delivery of the project approved by Rother District Council's Cabinet.
- 6.8 In light of the likely changes to the project, both in terms of scope and repayment schedule, Essex County Council (as Accountable Body for SELEP) are unable to release the funding to East Sussex County Council until the changes have been agreed by the Board.
- 6.9 The impending dissolution of SELEP, following the decision by Government to not provide any further core funding to LEPs, places a limit on the amount of time that the Board can allow for East Sussex County Council (in conjunction with Rother District Council) to bring forward the required Change Request and proposed revised repayment schedule. It is important that the project is subject to further consideration by the Board and that a definitive decision on whether the project will remain in the GPF programme is taken prior to March 2024.
- 6.10 To ensure that there is time for any changes to the project scope and repayment schedule agreed by the Board to be formalised in a Deed of Variation, and for the funding to be released to East Sussex County Council prior to 31 March 2024, it is necessary for the Board to consider the project at the Board meeting scheduled to take place on 12 January 2024. If this timeline cannot be met, there will be insufficient time for required processes to be completed prior to the dissolution of SELEP and therefore it is recommended that the project is automatically removed from the GPF programme if a project update, change request and revised repayment schedule are not presented at that meeting.
- 6.11 It should also be noted that ongoing uncertainty regarding the status of the project means that it is not possible to provide the Strategic Board with a complete picture of the level of GPF funding currently available and how this will be managed moving forward – this is particularly the case should the disaggregation of the GPF funding be the Strategic Board's preferred option for post SELEP.
- 6.12 At this meeting, the Board are asked to agree that the project be brought forward for further consideration and a decision regarding the continued inclusion of the project in the GPF programme at the January 2024 Board meeting. To inform this decision, the following documents/information will be required in advance of the meeting in accordance with the timeline advised by the SELEP Secretariat:

- 6.12.1 A full project update, including confirmation of the decisions from Rother District Council Cabinet in relation to the total project cost, funding package and project scope and an outline of next steps towards project delivery.
 - 6.12.2 A project change request which details all changes being made to the project and which provides confirmation that the project continues to offer High value of money.
 - 6.12.3 A revised repayment schedule and confirmation of the intended repayment mechanism (if this has changed since Business Case submission). This should be accompanied by confirmation from East Sussex County Council that they have reviewed the information provided and are satisfied that the repayment mechanism and proposed repayment schedule are both realistic and achievable.
- 6.13 It should be noted that the project change request will need to be reviewed by the Independent Technical Evaluator prior to the Board meeting and will therefore need to be submitted well in advance of the meeting.

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, and the Board agreed principles for a new round of GPF funding, in February 2023; however, as set out in sections 3.6 to 3.8, due to the winding down of LEPs and government directive to integrate LEP functions into Local Authorities, the future arrangements were discussed by the Strategic Board in July 2023, and subsequently reversed. The Board concluded that the approach and underlying principles previously considered by the Strategic Board were no longer appropriate given the different context within which SELEP is now operating. It is intended that alternative proposals for the use of the available GPF funding and the ongoing management of existing GPF loans will be presented to the Strategic Board at their meeting in October 2023.
- 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, in accordance with the timelines set out in the respective agreements, to enable mitigations to be agreed by the Board in advance of any default in repayment.

- 7.5 The Barnhorn Green Commercial and Health Development Project has experienced a delay in obtaining planning consent. East Sussex County Council, in conjunction with Rother District Council, have now provided an update on the project status. It has been confirmed that planning permission for the project has now been granted, however the scope of the project is being reviewed in light of current economic demand and is likely to change along with a new proposed repayment schedule.
- 7.6 As mandated by the SELEP Assurance Framework East Sussex County Council will be submitting a change request and revised repayment schedule requiring Board approval. To ensure sufficient time to formalised and agree changes in a Variation Agreement, and for the funding to be released to East Sussex County Council prior to 31 March 2024, it is necessary for the Board to consider the project at the Board meeting scheduled to take place on 12 January 2024. If this timeline cannot be met, there will be insufficient time for required processes to be completed prior to the expected dissolution of SELEP and therefore it is recommended that the project is automatically removed from the GPF programme if a project update, change request and revised repayment schedule are not presented at that meeting.
- 7.7 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. Refiling 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.
- 7.8 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 (On behalf of Nicole Wood, S151 Officer, Essex County Council)	 14/09/2023

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	<p>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.</p> <p>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.</p>	<p>The Growing Places Loan agreement has now been completed. No funding has been drawn down to date.</p> <p>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. A further update on the project will be provided at the January 2024 Board meeting following consideration by Rother District Council Cabinet.</p>	<p>A review of the project to assess the impact of increasing construction costs and rising interest rates and inflation is in progress.</p> <p>It is likely that the project scope will be revised and therefore a project change request will be required.</p>	<p>GPF funding has not yet been drawn down. Spend of the GPF funding will be dependent upon the outcome of the current project review and any subsequent decisions required from the Board.</p>	<p>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.</p>	<p>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.</p>	<p>Project affordability has not yet been confirmed as a re-tender process is underway. In addition, the scope of the project is likely to be changed requiring a further decision from the Board before the GPF funding can be released.</p>	<p>A review of the project is currently in progress.</p>
Green Hydrogen Generation Facility	Kent	Round Three	<p>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.</p>	<p>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.</p> <p>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.</p>	<p>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.</p>	<p>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.</p>	<p>No repayment risk identified. Increasing levels of demand for green hydrogen in the region is expected to enable timely repayment of the GPF funding.</p>	<p>Project outcomes will be delivered as per the Business Case following project delivery.</p>	<p>Risk of fluctuation in the electricity and natural gas markets has materialised, with a similar effect on the market price of hydrogen.</p> <p>Required upgrade to wind turbines and the associated risks identified are delaying delivery of the project.</p>	<p>Construction has been delayed due to COVID-19 impacts and the need to upgrade the existing wind farm.</p> <p>Project outcomes still expected to be delivered as per the Business Case.</p>
Centre for Advanced Engineering	Essex	Round Two	<p>Development of a new Centre of Excellence for Advanced Automotive and Process Engineering (CAAPE) through the acquisition and fit out of over 8,000sqm, on an industrial estate in Leigh on Sea. The project will also facilitate the vacation of the Nethermayne site in Basildon, which has been identified for the development of a major regeneration scheme.</p>	<p>Phase 1 completed and operational for start of 2018/19 academic year including motor vehicle and engineering. Phase 2 was completed in November 2018, allowing student enrolment from December 2018. The project was completed on time, to quality and within the revised budget.</p> <p>Revised repayment schedule agreed in November 2021.</p>	<p>Project delivered</p>	<p>GPF funding spent in full</p>	<p>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.</p> <p>A number of significant risks to repayment have been identified in the latest reporting submission</p>	<p>Initial project outcomes reported including new learners, apprentices and new jobs created.</p> <p>The College have indicated that the Centre for Advanced Engineering is recovering post COVID-19 and that learner numbers are strengthening. An update on learner numbers will be provided following completion of enrolment in September.</p>		<p>The project is complete and is showing signs of recovery following the COVID-19 pandemic, however, there is a significant repayment risk which will need to be kept under review.</p>
North Queensway	East Sussex	Round One	<p>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 16,000m² (gross) of high quality industrial and office premises.</p>	<p>GPF invested, project complete and full repayment made.</p> <p>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.</p>	<p>GPF funded enabling works complete</p>	<p>GPF funding spent in full</p>	<p>GPF repaid in full</p>	<p>No project outcomes realised to date.</p>		<p>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.</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
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 bringing 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 four projects within this programme. Of these, 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. A further project had been approved, however, this project has now been removed from the programme and alternative projects are being considered.	It was previously reported that the GPF funding had all been allocated to approved projects, however, the final project has now been removed from the programme. Alternative options for use of the remaining funding are being considered.	The final project (recently approved) has been removed from the programme. There is an increased spend risk until an alternative project has been identified and approved.	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 final project (once identified) and therefore forecast project outcomes should still be achieved.		The majority of the GPF funding has been invested in projects. Efforts are ongoing to identify a suitable project for investment of the remaining funding.
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 in April 2023. 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.

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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. Marketing of the site is ongoing and enquiries are being reviewed.</p> <p>Council funding has been secured to bring forward two plots and a self-certification planning application has been submitted under the LDO for the first plot (office building). A competitive tender process has been carried out to appoint a construction contractor. It is expected that construction will commence in Autumn 2023.</p>	GPF funded enabling works have now been delivered	GPF funding has been spent in full	GPF loan has been repaid in full	The enabling works have been completed and the site is currently being marketed. In a change of approach, it is now intended that Medway Council will bring forward the commercial workspace on the site with a view to leasing the space to businesses, rather than businesses building their own workspace.	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.	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.
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 and co-working 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	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.	It is expected that the Project outcomes will be realised as per the Business Case.	The cost of living crisis may reduce the level of income earned, whilst increasing energy prices may increase the operating costs for the building.	Project is progressing onsite. GPF funding has been spent in full and project outcomes remain as set out in the Business Case. Repayment risk will be monitored following project completion
Observer Building, Hastings - Tranche 2	East Sussex	Round Three	<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	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.	It is expected that the Project outcomes will be realised as per the Business Case.	The cost of living crisis may reduce the level of income earned, whilst increasing energy prices may increase the operating costs for the building.	Project is progressing onsite. Project outcomes remain as set out in the Business Case. Repayment risk will be monitored following project completion

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Live Margate	Kent	Round One	Live Margate is a programme of interventions in the housing market in Margate and Cliftonville, which includes the acquisition of poorly managed multiple occupancy dwellings and other poor quality building stock and land to deliver suitable schemes to achieve the agreed social and economic benefits to the area.	"Phase 1" has been completed. "Phase 2" is underway. Approach to Phase 2 of the project has changed and will now focus on addressing more poor quality building stock, rather than taking forward the site previously reported as acquired by Kent County Council. This change has been implemented following delays in bringing forward the planned work on the acquired site. To date 96 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. Repayment risk to be monitored.
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.	A revised repayment schedule was agreed at the last Board meeting.	A pipeline of projects has been developed and therefore it is expected that the forecast project outcomes will be achieved.		GPF funding has not yet been drawn down but a pipeline of projects has been developed demonstrating demand for the No Use Empty scheme.
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 April 2023 Board meeting.	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.
Bexhill Business Mall	East Sussex	Round One	The Bexhill Business Mall (Glover's House) project has delivered 2,345m ² of high quality office space with the potential to facilitate up to 299 jobs. This is the first major development in the Bexhill Enterprise Park in the A259/A21 growth corridor.	Glover's House has been delivered. The building has been sold which allowed full repayment of the GPF loan to be made during 2019/20.	Project Complete	Project Complete	GPF funding repaid in full	As the building has now been sold, it is difficult to obtain real-time data regarding the number of jobs created as a result of the project.		Project completed and GPF repaid in full

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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.	Previously referenced challenges around the roof design and associated construction have been resolved allowing roof construction to commence.	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.
Chelmsford Urban Expansion	Essex	Round One	The early phase of development in NE Chelmsford involves heavy infrastructure demands constrained to 1,000 completed dwellings. The fund will help deliver an improvement to the Boreham Interchange, allowing the threshold to be raised to 1,350, improving cash flow and the simultaneous commencement of two major housing schemes.	GPF invested and GPF has been repaid in full.	GPF element of the project complete 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.	Expected project outcomes not yet delivered. Information is being provided on the number of houses delivered and the number of jobs created.		GPF element of the project complete
Grays Magistrates Court	Thurrock	Round One	The project has converted the Magistrates Court to business space as part of a wider Grays South regeneration project which aims to revitalise Grays town centre.	GPF invested, project complete and repayment made in full. The refurbished building is now in use and having a positive impact in the town centre.	Project Complete	GPF funding spent in full	GPF funding repaid in full	Project outcomes delivered.	COVID-19 is likely to impact on the economy and therefore there may be reduced occupancy of the business space in the short term.	Project delivered.
Harlow West Essex	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	GPF funding spent in full	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.
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.	Delivery of the Bullockstone Road Improvement Scheme is now complete. The spine road through the proposed Lower Herne Village development will be funded and delivered by the developer.	The GPF funded element of the wider project has been delivered.	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 \$106 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.		Project has now been delivered. The identified repayment risk will be monitored.
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.		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.

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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 461 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.	Delivery of the project is continuing. An ongoing viability assessment is being carried out in relation to future phases of development.	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.
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.
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.	The cashflow and reserves position is stable and the repayments have been included in the operating assumptions.	The sustainability of tenants is returning to pre COVID-19 levels and therefore there is greater confidence that project outcomes will be achieved and maintained.		The project has been delivered and it is expected that repayments will be made in line with the agreed repayment schedule.

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Name of Project	Upper Tier Local Authority	GPF Round	Description	Current Status	Delivery Risk	GPF Spend Risk	Repayment Risk	Delivery of Project outcomes	Other Risks	Overall Project Risk
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 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.	17 projects have been approved in Canterbury, Dover, Faversham, Folkestone, Herne Bay, Hythe, Margate, Minster, Sheerness, Sittingbourne and Ramsgate. These projects are expected to return 20 empty commercial units back into use and create 52 residential units. Discussions are ongoing regarding 3 potential new projects. 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 17 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.
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						

Growing Places Fund Update Appendix A											
Name of Project	Upper Tier Local Authority	GPF Round	Description	Current Status	Deliverability and Risk						
					Delivery Risk	GPF Spend Risk	Repayment Risk	Delivery of Project outcomes	Other Risks	Overall Project Risk	
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	4,429,600	2,500,000	1,000,000	1,500,000	-	-	-	-	-	-	-	-	-	-	5,000,000
Sub Total		46,705,042	46,705,042	40,771,642	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	1,969,000	-	-	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	1,598,500	-	-	-	1,250,000	1,250,000	-	-	-	-	-	-	-	-	2,500,000
Sub Total		18,186,500	15,436,500	11,034,000	-	100,000	1,350,000	13,986,500	2,750,000	-	-	-	-	-	-	-	-	18,186,500
Total		73,308,542	70,558,542	60,222,642	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.

Report title: Getting Building Fund Capital Programme update	
Report to: Accountability Board	
Report author: Helen Dyer, SELEP Capital Programme Manager	
Meeting date: 22 September 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, provides an update on High risk projects, and provides an update on GBF spend to date.
- 1.2. In addition, this report sets out requests from three projects to retain their GBF funding allocations beyond June 2023.

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 2.

- 2.1.2. **Agree** that GBF spend on project delivery in 2022/23 totalled £15.508m, as set out in Table 1 and Appendix A.

- 2.1.3. **Note** the update on the Better Queensway project at Section 6 of the report.

- 2.1.4. **Agree** that:

- 2.1.4.1. a full update on the Better Queensway project which provides information on the chosen delivery route and associated delivery timetable, the status of the GBF funding, and which contains the required assurances regarding the ongoing delivery of the wider project should be provided at the January 2024 Board meeting; and

- 2.1.4.2. the GBF funding allocation can be retained against the Better Queensway project for a further maximum period of 7 months (to 31 January 2024).

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

2.1.5.1. No Use Empty South Essex

2.1.5.2. ASELA LFFN – Phase 3

2.1.6. **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

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. Consequently, an approach to reallocating the available GBF funding needed to be established.

3.6. It was originally intended that SELEP would run a combined GBF/Growing Places Fund (GPF) funding round in 2023/24. This approach would have ensured that there was a sizable funding pot for projects to bid for and would have helped to streamline the resource requirements for all involved parties. Strategic Board agreed that this approach should be adopted in February 2023 and it was intended that a full plan and timeline for the combined funding round would be presented to the Strategic Board in July 2023.

Getting Building Fund Capital Programme Update

- 3.7. Subsequent to the February 2023 Strategic Board decision, Central Government made the announcement in the annual Budget that they were minded to not provide any further core funding for LEPs after 2023/24 and that LEP functions should be integrated into Local Authorities. Government conducted an information gathering exercise to inform the next steps towards integration prior to confirming their minded to decision.
- 3.8. Whilst awaiting further information from Government, there was a need to undertake a significant amount of work to establish how SELEP operations could 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 was concluded that conducting a combined process was no longer the most appropriate option given the new context in which SELEP is operating. Consequently, the Strategic Board were asked to reverse their previous decision at their meeting in July 2023.
- 3.9. In July 2023, the Strategic Board were asked to consider a process for reallocating the GBF funding in isolation. The proposed approach reflected established prioritisation processes and contained a number of criteria which projects are required to meet in order to be eligible to receive GBF funding, as set out below:
 - 3.9.1. Projects must support the activities outlined in the SELEP Economic Recovery and Renewal Strategy.
 - 3.9.2. Projects must demonstrate that they are shovel ready and that they are subject to a short delivery programme, with full spend of the GBF funding to be achieved within 12 months of receipt of funding approval from the Board.
 - 3.9.3. There should be no barriers to delivery, such as outstanding permissions or consents. Any remaining barriers to delivery will render the project ineligible for receipt of GBF funding.
 - 3.9.4. Projects must demonstrate a robust need for investment with particular reference to the challenges created as a result of the COVID-19 pandemic.
 - 3.9.5. Project Business Cases must demonstrate High value for money or compliance with one of the exemptions outlined within the SELEP Assurance Framework.
 - 3.9.6. Projects must demonstrate that a full funding package is in place to support delivery.
 - 3.9.7. Business Cases must demonstrate that consideration has been given to the impact of high inflation and interest rates on forecast costs.
 - 3.9.8. Projects which have previously been removed from the GBF programme cannot apply for funding.
- 3.10. This criterion was applied following consideration of the original purpose and required timeline for spend of the GBF funding, and the ongoing requirements of the SELEP Assurance Framework.

3.11. The proposed process was agreed by the Strategic Board and it is intended that the new prioritised project pipeline will be agreed by the Investment Panel on 1 December 2023. This will allow the funding decisions to be taken at the additional Board meeting in January 2024.

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.

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 the funding has now been established and agreed by the Strategic Board but it wasn't possible for this work to be carried out in time to achieve full spend of the remaining £2.049m GBF 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 not 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 applied to all existing projects within the GBF programme. An alternative timeline for spend of the currently unallocated funding has been agreed as part of the reallocation process.
- 4.8. It is acknowledged that the recommendations with regard to the retention of GBF funding against the Better Queensway, No Use Empty South Essex and ASELA LFFN Phase 3 projects which are set out within this report do not comply with the position agreed with the Section 151 Officer for the Accountable Body. The Board are asked to review the updated position of Essex County Council, as the Accountable Body for SELEP, as set out in Section 9.8 of this report when considering the recommendations with regard to the retention of funding against the three projects beyond 30 June 2023.
- 4.9. 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.
- 4.10. The Board has previously agreed that GBF funding could 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.
- 4.11. At the last meeting, all 9 projects were forecasting full spend of their GBF allocations by 30 June 2023. However, the updated spend forecasts set out in Appendix A, show that 8 of the 9 projects are now reporting spend in Q2 or Q3 2023/24. 3 projects – Better Queensway, No Use Empty South Essex and ASELA LFFN Phase 3 – are seeking approval for retention of their GBF funding beyond 30 June 2023 at this meeting as set out in Section 7 of this report.
- 4.12. The remaining 5 projects are all projects in Essex which received additional GBF funding in January 2023 (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). It was noted at the last meeting that there was a risk that this funding would not be spent in full by 30 June 2023 due to ongoing internal governance processes. The required governance processes, including the completion of required Variation Agreements between Essex County Council and the relevant delivery partners, completed in July 2023 and therefore it wasn't possible for Essex County Council to release the funding to delivery partners prior to 30 June 2023. However, Essex County Council received evidence of full spend of the additional GBF funding awarded to all 5 projects prior to the end of Q1 2023/24 and therefore it is considered that approval to retain the GBF funding against the projects beyond June 2023 is not required.

- 4.13. All other projects in the GBF programme reported full spend of the GBF funding by 31 March 2023.
- 4.14. Table 1 below reflects the year end spend position for 2022/23 and shows that total GBF spend totalling £15.508m was reported in 2022/23. Local partner authorities are in the process of preparing the required year end declarations, which confirm GBF spend during 2022/23 and ongoing compliance with the requirements of the Assurance Framework and Service Level Agreement. Should the completed year end declarations highlight any inaccuracies within the spend information provided to the Board, a further update will be provided at a future meeting.
- 4.15. It should be noted that GBF quarterly reporting was not provided by Thurrock Council in advance of this meeting and therefore the information included within this report and the accompanying appendices may not reflect the latest position. However, full spend of the GBF funding awarded to Thurrock Council was reported prior to the last Board meeting and therefore it is considered that the Thurrock GBF spend figures previously reported remain an accurate reflection of the position.

Table 1: 2022/23 year end spend position

GBF (£m)				
Local Authority	Planned spend 2022/23	Actual spend 2022/23	Variance (between planned and reported spend)	Variance %
East Sussex	4.078	1.999	-2.079	-51.0%
Essex	8.865	6.607	-2.258	-25.5%
Kent	4.048	5.409	1.361	33.6%
Medway	0.000	0.400	0.400	
Southend-on-Sea	3.113	0.462	-2.651	-85.2%
Thurrock	0.631	0.631	0.000	0.0%
Total	20.735	15.508	-5.227	-25.2%

- 4.16. It should be noted that three projects were removed from the GBF programme during 2022/23, with the majority of the funding reallocated to alternative projects. The funding was reallocated in accordance with the agreed project pipeline and therefore was not necessarily returned to the same upper tier local authority. As a result, the split of the planned spend in 2022/23 between the different local authorities changed during the course of the year. Table 1 reflects the position reported at the start of 2022/23 before the changes were made to the GBF programme.

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4.17. At the beginning of 2022/23, full spend of the remaining GBF funding was forecast. As the Board are aware and as shown in Table 1, this wasn't achievable. This was due to two main reasons:

4.17.1. Ongoing delays encountered in delivering a number of the projects within the GBF programme. These delays typically arose due to the factors outlined in Section 4.1 of this report but other more complex situations arose, for example, in relation to the Better Queensway project.

4.17.2. During 2022/23, three projects were withdrawn from the GBF programme prompting the need for the funding to be reallocated to alternative projects. Whilst some of the funding was reallocated during 2022/23, it wasn't possible for some of the funding decisions to be taken before January 2023 which limited the amount of time available for scheme promoters to complete spend prior to 31 March 2023. In addition, as referenced in Section 3 of this report, a total of £2.049m GBF remained unallocated at the end of 2022/23.

4.18. Table 2 sets out the updated GBF spend forecast for all years. This table takes into account the extended GBF spend profiles for all projects forecasting spend beyond March 2022, including the decisions being presented to the Board at this meeting. The current unallocated GBF funding is shown in the table but the timeline for spend of this funding is yet to be confirmed, although it is likely that spend will predominantly take place in 2024/25.

Table 2: 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	Actual GBF spend - Q1 2023/24	Forecast GBF spend - Q2 to Q4 2023/24	GBF Total Allocation	% of GBF funding spent by 31 March 2023
East Sussex	1.656	2.437	1.999	0.000	0.000	6.092	100.0%
Essex	3.497	13.256	6.607	0.000	1.691	25.051	93.2%
Kent	6.201	27.179	5.409	0.850	0.000	39.639	97.9%
Medway	0.205	2.563	0.400	0.000	0.000	3.168	100.0%
Southend-on-Sea	0.000	0.000	0.462	0.937	4.501	5.900	7.8%
Thurrock	0.946	1.523	0.631	0.000	0.000	3.100	100.0%
Unallocated	0.000	0.000	0.000	0.000	0.000	2.049	0.0%
Total	12.505	46.958	15.508	1.787	6.192	85.000	88.2%

4.19. Table 2 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 Section 6 of this report) and the late award of funding to the ASELA LFFN Phase 3 project. All 3 GBF projects in Southend are seeking approval to retain their GBF funding allocations beyond 30 June 2023 at this meeting (as set out in Section 7 of this report). However, it should be noted that 2 of the 3 projects have now completed their GBF spend.

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- 4.20. To date, 32 of the 40 projects included in the GBF programme have fully spent their GBF funding allocation.
- 4.21. 25 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 within the extensions agreed.
- 5.2. 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 13 of the 21 projects reporting full spend of the GBF funding allocation by 30 June 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.
- 5.4. As set out in Section 4.11 of this report, it has been reported that full GBF spend could not be achieved against three projects (Better Queensway, No Use Empty South Essex and ASELA LFFN Phase 3) prior to 30 June 2023. As a result, the Board are asked to consider the further retention of the GBF funding against these projects. Further details are provided in Section 7 of this report.
- 5.5. There are a further five projects which are reporting ongoing spend of GBF funding into Q2 2023/24, including Extension of full-fibre broadband rollout in Essex to reach rural and hard to reach premises, Enterprise Centre for Horizon 120 Business and Innovation Park, Jaywick Market and Commercial Space, Tendring Bikes and Cycle Infrastructure and Tindal Square Chelmsford. As set out in Section 4.12 of this report, it was not possible for the GBF funding to be released by Essex County Council (as responsible Upper Tier Local Authority) to delivery partners prior to 30 June 2023 due to a delay in completing required internal governance processes. Despite this delay, evidence of full spend of the GBF funding was presented to Essex County Council prior to 30 June 2023 and therefore formal extensions to GBF spend are not being sought against these projects.
- 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 GBF project, relative to the expected completion dates, as set out in the original Business Cases. In addition, the risk assessment takes into account whether required post scheme completion Monitoring and Evaluation reports have been submitted and whether spend of the match funding set out in each of the project Business Cases has been achieved.

- 6.2. 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).
- 6.3. The risk assessment has been conducted for GBF projects based on:
- 6.3.1. **Delivery** – considers project delivery delays 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 at least 4 (Amber/Red), unless the project has now been delivered and there is no substantial impact on the expected delivery of project outcomes.
 - 6.3.3. **Finances** – considers changes to project spend profiles, project budget, certainty and spend of match funding contributions and the amount of GBF funding which remains unspent at the end of Q1 2023/24.
 - 6.3.4. **Reputation** – considers the reputational risk for the delivery partner, relevant Upper Tier Local Authority and SELEP Ltd. This also considers delays in submission of required post scheme completion Monitoring and Evaluation reports.

Table 3: Summary of GBF project risk

Risk Score	Number of projects	GBF allocation to projects (£m)	GBF spend forecast in Q2 to Q4 2023/24 (£m)
Low Risk - 1	11	20.433	0.000
Low/Medium Risk - 2	10	31.068	1.823
Medium Risk - 3	11	16.846	0.000
Medium/High Risk - 4	7	10.404	0.169
High Risk - 5	1	4.200	4.200
Total	40	82.951	6.192

- 6.4. In total £4.2m GBF is allocated to High risk projects, with the full £4.2m remaining unspent at the end of Q1 2023/24. 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 3 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 and match funding. Projects which are forecasting a high proportion of GBF or match spend beyond 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

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High Risk in all areas and are therefore not all reflected within the High Risk projects identified in Table 3. 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 1 High Risk project identified in Table 3 is Better Queensway. As the Board will recall, the Better Queensway project has been identified as High Risk since late 2021. This risk primarily stems from the involvement of Swan Housing as Joint Venture Partner with Southend-on-Sea City Council.
- 6.7. As has been previously reported, the Regulator for Social Housing took the decision in late 2021 to downgrade Swan Housing's viability and governance grades. As a result of this decision, Swan Housing no longer met the Regulator's governance and viability standards and steps needed to be taken to improve work in these areas. The decision by the Regulator for Social Housing ultimately led to Swan Housing seeking to enter into a merger with another housing association. Initially discussions were held with Orbit but, following completion of required due diligence, this merger did not proceed.
- 6.8. At the November 2022 meeting, the Board were advised that, following the collapse of the merger with Orbit, Swan Housing were seeking to enter into a merger with Sanctuary Housing Association. The merger between Sanctuary Housing Association and Swan Housing completed in February 2023, with Swan Housing becoming a subsidiary of Sanctuary.
- 6.9. Following completion of the acquisition, Sanctuary have been undertaking due diligence in relation to all activity inherited from Swan Housing. This included a review of the business plan for the wider Better Queensway project. At the last meeting it was reported that the review of the business plan was expected to be complete by September 2023. It was also noted at the last Board meeting that Southend-on-Sea City Council continued to hold the full £4.2m GBF funding allocation awarded to the project. Whilst Swan Housing had provided claims to Southend-on-Sea City Council covering the full funding allocation, the Council took the decision to hold the funding until Sanctuary Housing Associations involvement in the project was confirmed and Sanctuary had completed a review of the claims to assure compliance with the grant conditions.
- 6.10. On 10 August 2023, it was confirmed that Sanctuary Housing Association had taken the decision to withdraw from the Better Queensway project. This decision was taken to allow Sanctuary to prioritise investment and commitment to existing homes and communities and to focus on the delivery of schemes where construction has already started. Southend-on-Sea City Council will now work with Sanctuary to facilitate their exit from the legal partnership which has been set up to deliver the project.
- 6.11. Whilst Southend-on-Sea City Council have expressed disappointment at the decision of Sanctuary Housing Association to withdraw from the project, they remain committed to delivering regeneration on the Better Queensway estate, as evidenced recently when unanimous support for the project was received from Full Council, and over the coming weeks will be actively exploring alternative delivery models which will allow the project to progress. It is noted that there are several options available to Southend-on-Sea City Council including the potential for direct delivery (where Southend-on-Sea City Council would take on the role of developer) or procurement of an alternative delivery partner. Alternatively, the Council could take the opportunity to review the current project and

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promote an alternative scheme that continues to place local residents at the heart of the regeneration.

- 6.12. Southend-on-Sea City Council are committed to developing the alternative delivery options as quickly as possible, with a view to presenting potential options to Cabinet in October 2023. This will help to provide clarity for local residents and all stakeholders as soon as possible. If there are further developments in advance of the Board meeting, a verbal update will be provided during the meeting.
- 6.13. In February 2022, the Board agreed that the GBF funding awarded to the Better Queensway project could be released to Southend-on-Sea City Council subject to receipt of confirmation from the Council that the project would proceed as planned following the Regulator of Social Housing's decision to downgrade Swan Housing's viability and governance grades and Swan Housing's planned partnership with Orbit. The required assurances were provided at the September 2022 Board meeting, however, these assurances were based on the assumption that the planned partnership between Swan Housing and Orbit would complete as expected.
- 6.14. It was noted by the Board in November 2022 that, in light of the decision to not progress with the partnership with Orbit, further assurances were needed regarding the ongoing delivery of the wider project. At the time it was expected that these assurances would be provided at the March 2023 Board meeting (subsequently rescheduled to April 2023) but to date, it has not been possible for Southend-on-Sea City Council to provide these assurances due to ongoing uncertainty regarding the involvement of Sanctuary Housing Association in the project.
- 6.15. This report provides clarity regarding Sanctuary Housing Associations future involvement in the project and, after a period of limited activity, places Southend-on-Sea City Council in a position where they are able to take decisive steps to establish how the wider Better Queensway project will progress. It is important that Southend-on-Sea City Council are allowed sufficient time to fully assess their options and progress through their required governance processes and therefore it is recommended that the required assurances are now sought at the Board meeting in January 2024, with an interim update on progress provided at the November 2023 Board meeting.
- 6.16. It should be noted that should Southend-on-Sea City Council be unable to progress the wider Better Queensway project in accordance with the approved GBF Business Case through use of an alternative delivery model, the Board will be asked to consider seeking clawback of the GBF funding from Southend-on-Sea City Council.
- 6.17. It is noted that one of the options being considered by Southend-on-Sea City Council is to review the current project and promote an alternative scheme which continues to place local residents at the heart of the regeneration. Should the Council decide to progress with a different version of the scheme, there will be a need for this change to be considered in the context of the approved GBF Business Case. As a minimum, there will be a requirement for a project change request to be brought forward detailing the proposed changes. However, significant changes to the project scope will prompt the need for submission of a revised Business Case.

- 6.18. The impending dissolution of SELEP, following the decision by Government to not provide any further core funding to LEPs, places a limit on the amount of time that the Board has to consider any changes to the Better Queensway project. However, it is important that the project is subject to further consideration by the Board and that a definitive decision on the ongoing status of the funding is taken prior to March 2024. This is supported by the recommendation that a full update on the project is provided at the January 2024 Board meeting. Should the scope of the project change, the timeline becomes more challenging and further discussions will need to be held with Southend-on-Sea City Council to determine how the required Board decisions can be taken prior to the closure of SELEP.
- 6.19. Finally, it should be noted that Southend-on-Sea City Council continue to hold the full £4.2m GBF funding allocation. Whilst it was intended that this funding would be ultimately released to Sanctuary Housing Association, the position has now become more complex and, as a result, Southend-on-Sea City Council are seeking approval for retention of the GBF funding against the project until 31 January 2024 as set out in Section 7 of this report.

7. Projects seeking approval for retention of GBF funding beyond 30 June 2023

- 7.1. In July 2021, the Board agreed SELEP's position on the retention of GBF funding against projects beyond 31 March 2022. The Board agreed that GBF funding could be retained against projects subject to certain criteria and conditions being satisfied. The criteria and conditions were applied to requests for retention of GBF funding beyond March 2022 received between July 2021 and May 2022.
- 7.2. Subsequently in May 2022, following a review of all projects which had received approval for retention of their GBF funding beyond March 2022, the Board agreed that all projects forecasting GBF spend beyond March 2022 must meet the following requirements:
- 7.2.1. All GBF funding must be spent within 12 months of the official end of the GBF programme, with full spend required by 31 March 2023.
 - 7.2.2. All planning requirements must be met by 15 July 2022.
 - 7.2.3. All other (non-planning) required consents and approvals must be received by 15 July 2022.
 - 7.2.4. Contractual commitments must be in place with the construction contractor by 30 September 2022.
 - 7.2.5. Any changes to total project cost (prior to construction contract award) and forecast benefits must be reported to the SELEP Secretariat to enable ongoing monitoring of the value for money offered by the project.
 - 7.2.6. Ongoing reporting to the SELEP Secretariat on progress towards project delivery including provision of updated delivery milestones and notification of any changes to the funding sources identified to support project delivery must be provided.
- 7.3. These requirements were initially introduced as a mechanism for ensuring timely completion of the GBF programme and were not, at the time, intended to represent a new approach to determining whether funding could be retained beyond 31 March 2022.

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However, given the number of late changes to the GBF programme, it was considered prudent to assess the projects against the updated requirements agreed in May 2022 when determining whether projects should be allowed to retain their GBF funding allocations beyond March 2022.

- 7.4. As the Board will recall, in light of advice received from Government and input from the Section 151 Officer for the Accountable Body, the decision was taken in January 2023 to allow GBF spend on existing projects to extend into Q1 2023/24 in exceptional circumstances. At that time, it was noted that all GBF spend on these projects should be complete by 30 June 2023. Whilst this principle was agreed, it is important that each project seeking an extension is considered individually prior to a project specific retention decision being taken by the Board.
- 7.5. At this meeting, the Board are asked to consider requests from three projects to retain their GBF funding allocations beyond June 2023.
- 7.6. It is acknowledged that the recommendations with regard to the retention of GBF funding against the following three projects do not comply with the position agreed with the Section 151 Officer for the Accountable Body as set out at Section 7.4 of this report. The Board are asked to review the updated position of Essex County Council, as the Accountable Body for SELEP, as set out in Section 9.8 of this report when considering the recommendations with regard to the retention of funding against the three projects beyond 30 June 2023.

Better Queensway

- 7.7. 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 7,945sqm 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.
- 7.8. 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.
- 7.9. The Board has received regular updates on the project and it has previously been agreed that the GBF funding could be retained against the project to 30 June 2023.
- 7.10. As has been set out in this report (Section 6.9) Southend-on-Sea City Council continue to hold the full GBF allocation. The intention was that the funding would be released to Sanctuary Housing Association following completion of their required due diligence following the acquisition of Swan Housing. It was anticipated that this would be achieved prior to 30 June 2023 in accordance with the extension agreed by the Board but this has proved to be unachievable.

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- 7.11. As detailed in Section 6 of this report, Sanctuary Housing Association have now taken the decision to withdraw from the project prompting Southend-on-Sea City Council to explore alternative delivery models. To allow time for this work to be undertaken and for Southend-on-Sea City Council formal governance processes to be concluded, approval is sought for retention of the GBF funding against the project to 31 January 2024. This extension aligns with the recommended timeline for a further full update on the project to be provided to the Board.
- 7.12. Information has been provided to demonstrate how the project meets the requirements agreed by the Board in May 2022 for all projects retaining their GBF funding allocations beyond 31 March 2022. This information is set out in Appendix E.
- 7.13. It is indicated within Appendix E that there are a number of the requirements that the project does not currently meet. This is primarily due to the decision by Sanctuary Housing Association to withdraw from the project. It is anticipated that following adoption of an alternative delivery model, a full review of the business plan for the wider Better Queensway project will be undertaken. This will include a review of costs and a review of forecast benefits. Should Southend-on-Sea City Council choose to change the scope of the project, there is likely to be significant changes compared to the agreed GBF Business Case.
- 7.14. It has previously been reported that contractual commitments were in place with the construction contractor prior to 30 September 2022. This was in the form of a Construction Management Agreement with Swan Housing. Given that Sanctuary Housing Association has decided to withdraw from the project, it is understood that this agreement is no longer in place.
- 7.15. It should also be noted that it has previously been reported that project costs have increased since the submission of the Business Case. This was previously flagged as a concern as the scale of the cost increase was unknown, as was the planned approach to bridging the funding gap meaning that the impact on the Benefit Cost Ratio for the project was unknown. Whilst this is still important information for the Board to consider, it is likely that the position has been superseded by the withdrawal of Sanctuary Housing Association. It is expected that a clearer position statement will be available following the confirmation of a preferred alternative delivery model.
- 7.16. Given the current status of the project, it is clear that the majority of the requirements for retention of the GBF funding cannot currently be met and that, should the Board agree to retain the GBF funding against the project until 31 January 2024, there will be a number of risks associated with this.
- 7.17. It is intended that a full update on the project will be presented at the Board meeting on 12 January 2024, and if ongoing delivery of the wider project cannot be confirmed there will likely be a recommendation to remove the project from the GBF programme. This would still allow time for the funding to be reallocated to alternative projects, subject to timely repayment by Southend-on-Sea City Council.
- 7.18. Given the timing of Sanctuary Housing Associations decision to withdraw from the project, it is recommended that Southend-on-Sea City Council are given additional time to develop and approve alternative delivery models for the project. For this option to be viable, it will also be necessary for the Board to agree that the GBF funding can be retained against the

project until 31 January 2024. If the Board do not agree that the funding can be retained against the project beyond 30 June 2023, the funding will be removed from the project, effectively removing the project from the GBF programme.

No Use Empty South Essex

- 7.19. The No Use Empty South Essex project has provided 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 focused 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. The project replicated the scheme which has been supported through the Growing Places Fund in Kent.
- 7.20. The Board approved the award of £1.2m of GBF funding to support delivery of the project in November 2020.
- 7.21. The Board has received a number of updates on delivery of the No Use Empty South Essex project over the course of the GBF programme. Whilst there were initial delays in launching the scheme, demand for the loans has been evidenced and it was reported at the last Board meeting that the GBF funding was fully allocated to six No Use Empty loans.
- 7.22. Previously the Board agreed that the GBF funding could be retained against the project until 30 June 2023. This was primarily due to the required loan assessment and approval process taking longer than anticipated. Whilst it was reported at the last Board meeting that GBF spend was still expected to complete prior to 30 June 2023, there was a risk identified in relation to the completion of one of the remaining loans. This was due to the loan involving more complicated legal processes than the other loans in the programme.
- 7.23. Ultimately, it wasn't possible for the final loan to complete by 30 June 2023. The loan was completed and the remaining funding released by Southend-on-Sea City Council on 28 July 2023. Due to the delay in completing the final loan, approval is sought for retention of the GBF funding against the project for a further period of 3 months to 30 September 2023.
- 7.24. Information has been provided to demonstrate how the project meets the requirements agreed by the Board in May 2022 for all projects retaining their respective GBF allocations beyond 31 March 2022. This information is set out in Appendix E.
- 7.25. Due to the nature of the No Use Empty South Essex project, not all requirements specified by the Board are applicable. Responsibility for securing any required planning consents and for appointing suitable contractors to deliver the works sits with the property owners, rather than Southend-on-Sea City Council. For applicants to be eligible for the No Use Empty initiative all planning permissions must be in place and 2 quotes for the required works must be provided with loan applications.
- 7.26. Taking this into account, the information provided demonstrates that the project meets the remaining requirements agreed by the Board. In addition, it has been confirmed that project delivery has now completed, with the issue of the final loan, and therefore there is no risk associated with granting the requested extension.

ASELA LFFN Phase 3

- 7.27. This project was added to the GBF programme in November 2022 through the recently developed GBF prioritised project pipeline and was awarded £500,000 GBF funding.
- 7.28. Delivery of the project will allow the extension of fibre infrastructure across the South Essex region allowing work in some key 'Not Spot' areas which have not yet benefited from investment. In addition, the GBF funding will enable the fibre infrastructure to be linked with the Southend region fibre network, which will have significant benefits for the whole ASELA region in terms of sharing of services, cost savings and supporting the rollout of a pan ASELA Internet of Things (IoT) network to include the Southend area.
- 7.29. The original funding decision specified that the GBF would be awarded (and released) to Thurrock Council, as was the case for the ASELA LFFN – Phase 2 project. However, subsequently on 19 December 2022, Thurrock Council issued a Section 114 notice as they were not in a position to deliver a balanced budget. Following the announcement of the Section 114 notice, alternative options for release of the funding were considered and presented to the Board. It was agreed that the funding could be released to Southend-on-Sea City Council and the required legal processes were completed, however, this delayed commencement of the project. Despite this delay, it was reported at the last meeting that it was still expected that full GBF spend would be incurred prior to 30 June 2023.
- 7.30. Delivery of the project is now progressing well with full completion expected by 30 September 2023. Unfortunately, it wasn't possible for full spend of the GBF funding to be incurred prior to 30 June 2023 and £51,000 of the £500,000 GBF funding remained unspent at this point. Southend-on-Sea City Council have subsequently confirmed that full spend of the GBF funding has now been achieved. Due to the delay in completing GBF spend, approval is sought for retention of the GBF funding against the project for a further period of 3 months to 30 September 2023.
- 7.31. Information has been provided to demonstrate how the project meets the requirements agreed by the Board in May 2022 for all projects retaining their respective GBF allocations beyond 31 March 2022. This information is set out in Appendix E.
- 7.32. It is noted that, whilst Appendix E demonstrates that the project meets the majority of the requirements agreed by the Board, contractual commitments for delivery of the project were not in place by 30 September 2022. This was due to the timing of the funding award and the need for the GBF funding to be confirmed before contractual commitments were put in place.
- 7.33. Contractual commitments are now in place and spend of the GBF funding has been completed. The project remains ongoing but is expected to complete by the end of September 2023.

8. GBF Programme Risks

- 8.1. 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 award of the additional GBF funding to existing GBF projects has helped to partially mitigate this risk. Other mitigation measures currently being employed include:

- 8.1.1. 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;
 - 8.1.2. purchase of all materials at the outset of the construction programme in order to offset the risk of further cost increases; and
 - 8.1.3. identifying alternative suppliers or alternative solutions so as to mitigate both cost increases and extended lead in periods.
- 8.2. As an increasing number of GBF projects reach completion, the severity of this risk will begin to decline.
- 8.3. 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 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 were completed at 31 March 2022 is now overdue for submission (as set out in Appendix F) and engagement with local partner authorities in this regard will be prioritised.
- 8.4. 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.
- 8.5. 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 Thurrock 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.
- 8.6. Following receipt of confirmation from Central Government that they will not be providing core funding to LEPs after 2023/24 and that LEP activities should be transferred to local

authorities from 2024/25, a new risk has been added to the GBF programme risk register. This risk relates to the possibility of effective oversight of the GBF programme being lost as a result of the transition of activities to local authorities. This may result in projects not delivering in accordance with their agreed Business Cases and may lead to required reporting not being submitted to Government.

- 8.7. This risk is being mitigated through ongoing discussions between SELEP, Essex County Council (as the Accountable Body for SELEP) and the six Upper Tier Local Authority partners, which are focused on determining how the management of the capital programme should be taken forward post SELEP. An update on transition plans, including proposals for ongoing management of the GBF programme, will be provided to the Strategic Board in October 2023. There will likely be decisions related to this workstream which fall within the remit of the Board and these decisions will be presented at future meetings once the general direction of travel has been considered and agreed by the Strategic Board.

9. Financial Implications (Accountable Body comments)

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

- 9.2. 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.
- 9.3. 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 progress of the GBF projects in order to provide assurance of delivery in line with the agreed business cases.
- 9.4. Further, this gives the Board oversight of potential risks which may impact delivery of GBF projects along with proposed mitigations; this is of particular importance due to the current uncertain economic climate and increasing inflation, together with ongoing impacts experienced following the Covid-19 pandemic and Brexit.
- 9.5. To support this monitoring, the SLAs set out the requirement for Partner Authorities to provide regular update reports to SELEP and the Accountable Body in the timescales and format specified by the SELEP Secretariat, to inform the updates to the Board and Government. Should the funding not be utilised in accordance with the conditions, Government may request return of the funding.
- 9.6. 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. £2,049m of GBF funding remains unallocated, and a new prioritisation pipeline process has been agreed at the July 2023

Getting Building Fund Capital Programme Update

Strategic Board in line with the requirements of the Assurance Framework.

Recommendations for awarding this funding are anticipated to be considered at the January 2024 meeting of the Board, with an expectation that the funding can be transferred to the recipient Partner Authorities prior to the end of March 2024. All projects allocated funding through this process are expected to meet the agreed criteria, including having no barriers to delivery, such as planning requirements, to ensure full spend of the GBF funding can be achieved within 12 months of receipt of funding approval from the Board.

- 9.7. 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 existing GBF projects into quarter one of 2023/24, where this is approved by the Accountability Board. Spend beyond this period by GBF projects was not supported at that point without further consideration of the resource implications to continue to monitor delayed schemes for an additional period; this was of particular note given the well reported financial uncertainties for the SELEP beyond 2023/24.
- 9.8. In light of the recommendations for further extensions to the spend timeline for three projects within this report, it has been necessary to re-consider this position; with respect to the two projects where spend is already complete or almost complete, no further additional resource impacts are anticipated over those experienced through the regular monitoring and reporting in place for other completed GBF projects, so no additional concerns are raised from the perspective of the s151 Officer.
- 9.9. For the Better Queensway Project, work to the value of the grant was completed by Swan Housing in advance of the take over by Sanctuary, however, as these funds remain held by Southend-on-Sea City Council and the future delivery of the Project is unconfirmed, it seems reasonable to afford the Council some opportunity to agree an alternative delivery route to secure the expected outcomes for the Project, as set out in the recommendations. This position will be reviewed alongside the update brought to the Board in respect of the Project in January 2024.
- 9.10. The latest forecast (table 2) indicates that £25.537m of the total £85m GBF allocation will be spent after 31 March 2022, of which £10.028m 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.
- 9.11. With respect to the uncertainty around the transition arrangements of SELEP functions to Local Authorities, it may be necessary to amend the terms of the existing GBF agreements to transfer the Accountability for the funding from the Accountable Body in line with any other agreed changes to the SELEP governance arrangements. Such changes will need to be to the agreement of the six upper tier Local Authority partners within SELEP and the Government.

10. Legal Implications (Accountable Body Comments)

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

11. Equality and Diversity Implications

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

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

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

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

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

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

12. List of Appendices

12.1. Appendix A – GBF Spend Position

12.2. Appendix B – Programme Risk Register

12.3. Appendix C - Project deliverability and risk update

12.4. Appendix D – Update on projects which have received approval for retention of GBF funding beyond March 2022

12.5. Appendix E – Compliance with conditions for GBF spend beyond 30 June 2023

12.6. Appendix F – Outstanding post scheme completion Monitoring and Evaluation reports

(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	Page 100 of 289	Date
Accountable Body sign off		13/09/2023

Getting Building Fund Capital Programme Update

Michael Neumann	
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(on behalf of Nicole Wood, S151 Officer, Essex County Council)	
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Appendix A - GBF Spend Position											
Project Number	Project Name	GBF Allocation (£)	2020/21 Actual	2021/22 Actual	2022/23 Actual	Q1 2023/24 Actual	Q2 2023/24 Forecast	Q3 2023/24 Forecast	Q4 2023/24 Forecast	2023/24 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						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			1,300,000						1,300,000
GBF039	Food Street, Eastbourne	100,000			100,000						100,000
GBF040	Seven Sisters Country Park Visitor Infrastructure Uplift	284,100			284,100						284,100
		6,091,935	1,655,558	2,437,277	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
GBF006	Extension of the full-fibre broadband rollout in Essex to reach rural and hard to reach premises	2,297,256			1,784,600		512,656			512,656	2,297,256
GBF014	Enterprise Centre for Horizon 120 Business Park	7,641,924	967,422	6,032,578			641,924			641,924	7,641,924
GBF015	Harlow Library	977,000		977,000							977,000
GBF016	Jaywick Market & Commercial Space	2,391,060		243,636	2,029,243		118,181			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		300,200			300,200	2,600,200
GBF024	Tindal Square, Chelmsford	1,200,000		750,000	331,819		118,181			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	6,606,775		1,691,142			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						814,452
GBF026	Romney Marsh Employment Hub	3,536,466		2,785,770	750,696						3,536,466
GBF027	Thanet Parkway Railway Station	12,874,000	3,162,699	8,836,301	875,000						12,874,000
GBF028	First and Second Floors, Building 500, Discovery Park, Sandwich	2,750,000		211,398	2,538,602						2,750,000

Appendix A - GBF Spend Position											
Project Number	Project Name	GBF Allocation (£)	2020/21 Actual	2021/22 Actual	2022/23 Actual	Q1 2023/24 Actual	Q2 2023/24 Forecast	Q3 2023/24 Forecast	Q4 2023/24 Forecast	2023/24 Forecast	Total Actual + Forecast
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
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			1,009,000						1,009,000
GBF045	Techfort Phase 2	850,000				850,000				850,000	850,000
		39,639,070	6,201,248	27,178,796	5,409,026	850,000				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						1,178,323
		3,168,323	205,157	2,563,166	400,000						3,168,323
	Southend										
GBF031	Better Queensway	4,200,000						4,200,000		4,200,000	4,200,000
GBF032	South Essex No Use Empty	1,200,000			407,089	542,911	250,000			792,911	1,200,000
GBF044	LFFN - Phase 3	500,000			55,000	394,000	51,000			445,000	500,000
		5,900,000			462,089	936,911	301,000	4,200,000		5,437,911	5,900,000
	Thurrock										
GBF008	LFFN - Phase 2	2,500,000	946,218	922,857	630,925						2,500,000
GBF034	Transport and Logistics Institute	600,000		600,000							600,000
		3,100,000	946,218	1,522,857	630,925						3,100,000
	Unallocated	2,049,232									2,049,232.0
	Total	85,000,000	12,505,317	46,958,483	15,507,915	1,786,911	1,992,142	4,200,000		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> <p>This risk will reduce as the number of completed GBF projects increases.</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 represented 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 were 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>
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>
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
Failure of third-party organisations to deliver GBF projects	Local authorities are entering into contract with third party organisations, such as district authorities, private sector companies, further education and higher education providers to deliver GBF projects. If the external organisations experience financial difficulty and are unable to deliver GBF projects, it may not be possible to recover the GBF from these organisations should they enter administration. This would result in local authorities being responsible for repaying abortive costs to SELEP.	5	3	15	SELEP encourages local authorities to complete additional financial checks prior to entering into contract or transferring GBF to third party organisations and to ensure clear processes are in place for the oversight of GBF projects delivered by third party organisations.
Delivery of GBF project benefits	The economic impact of COVID-19 is likely to reduce the benefits achieved through GBF investment, or at least slow the pace of benefit realisation. This could reduce the value for money achieved through the delivery of the GBF programme.	3	5	15	Any changes to benefits achieved through GBF investment will be monitored and reported to the Board and decisions will need to be made as to whether projects still offer high value for money. Any changes will also need to be agreed with Central Government.
Closure of SELEP	In August 2023, Government confirmed that LEPs will no longer receive core funding after 2023/24, and that there is an expectation that LEP activities will be transitioned into local authorities. This means that the oversight of the GBF programme, including any required engagement with Government, will cease at or close to 31 March 2024. It is important that new arrangements are put in place to ensure that oversight of the GBF programme continues. Without appropriate oversight there is a risk that projects may not be delivered in accordance with approved Business Cases and that required programme wide reporting will not be provided to Government.	4	3	12	Following receipt of advice from Government, discussions are ongoing between SELEP, Essex County Council (as Accountable Body for SELEP) and all six Upper Tier Local Authority partners to determine how the management of the capital programme should be taken forward post SELEP. Any required decisions on the ongoing management of the GBF programme will be presented at future Board meetings.
Supply Chain Risk	Private sector companies within the supply chain may be vulnerable to the current economic situation, particularly as the furlough scheme ends. If companies go into financial difficulty or liquidation, this will impact project delivery timescales and costs.	4	3	12	SELEP encourages local authorities to complete additional financial checks for contractors and sub-contractors prior to entering into any new contracts and reviewing the financial position as part of the contract management for existing contracts.
Resource to deliver GBF projects	There is a risk to the availability of resource to deliver GBF projects, as a result of remote working, sickness and as a result of resources being redeployed to support critical services within local authorities. This is likely to result in project delays but also creates a risk to the oversight of projects.	4	2	8	As part of the business case, SELEP ask scheme promoters to confirm they have the resources available to deliver the project. SELEP Ltd have also made this a requirement within the SLA and so risks to delivery of the projects would be monitored and reported to the Board.

Appendix C - Getting Building Fund Delivery and Risk																	
Project	Deliverability								Financial								
	Accountability Board approval	Project Delivery Status	GBF Spend Status (at 30 June 2023)	Expected completion date (per Business Case)	Expected completion date (May 2023)	Expected completion date (August 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 (£)	Forecast spend Q2 to Q4 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	Jun-23	Dec-23	12	6	2,028,000	1,713,000	315,000			2	5	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	3	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	Jun-23	Sep-23	18	3	1,300,000		1,300,000			4	5	3	4
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	Completed	Complete	Sep-22	Jun-23	Jun-23	9		284,100		284,100			1	1	1	1
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	Completed	Ongoing	Dec-21	Jun-23	Jun-23	18		2,297,256		1,784,600		512,656	4	1	1	2
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	4	1	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	Sep-23	18	3	2,391,060	243,636	2,029,243		118,181	4	5	2	4
Labworth Car Park, Canvey Island modernisation	Nov-20	Completed	Complete	Jun-21	Aug-21	Aug-21	2		700,000	700,000				1	3	3	2
Modus	Nov-20	Completed	Complete	Mar-21	Mar-21	Mar-21			1,960,000	1,960,000				1	1	1	1
Nexus	Nov-20	Completed	Complete	Jun-21	May-22	May-22	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	1	1	1
Roche Way Independent Living	Nov-20	In Construction	Complete	Dec-22	Jun-23	Dec-24	24	18	713,000	713,000				1	5	3	3
Tendring Bikes & Cycle Infrastructure	Nov-20 and Jan-23	Completed	Ongoing	Mar-22	Jun-23	Jun-23	15		2,600,200	518,887	1,781,113		300,200	4	1	1	2
Tindal Square, Chelmsford	Nov-20, Nov-22 and Jan-23	Completed	Ongoing	Mar-22	Jun-23	Jul-23	16	1	1,200,000	750,000	331,819		118,181	4	1	1	2
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	Sep-23	Dec-23	15	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				5	3	3	4
Javelin Way Development	Nov-20 and Nov-22	Completed	Complete	Mar-22	Jun-23	Jun-23	15		814,452	578,724	235,728			4	1	1	2
Romney Marsh Employment Hub	Nov-20	In Construction	Complete	Feb-22	Jun-23	Sep-23	19	3	3,536,466	2,785,770	750,696			2	5	2	3
Thanet Parkway Railway Station	Nov-20 and Nov-22	Completed	Complete	Dec-22	Jul-23	Jul-23	7		12,874,000	11,999,000	875,000			5	1	1	2
First and Second Floors, Building 500, Discovery Park, Sandwich	Nov-20 and Jan-23	In Construction	Complete	Jul-21	Jul-23	Sep-23	26	2	2,750,000	211,398	2,538,602			5	5	2	4
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				2	1	1	1

Project	Deliverability								Financial						Deliverability risk RAG rating	Reputational risk RAG rating	Overall
	Accountability Board approval	Project Delivery Status	GBF Spend Status (at 30 June 2023)	Expected completion date (per Business Case)	Expected completion date (May 2023)	Expected completion date (August 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 (£)	Forecast spend Q2 to Q4 2023/24 (£)	Financials RAG rating			
The Meeting Place Swanley	Nov-20	Completed	Complete	May-22	Mar-23	Mar-23	10		1,490,000	1,490,000				5	1	1	2
St George's Creative Hub	Mar-21	Completed	Complete	Jun-21	Dec-21	Dec-21	6		323,204	323,204				5	3	3	4
The Amelia Scott	Nov-21	Completed	Complete	Mar-22	Mar-22	Mar-22			1,400,000	1,400,000				2	3	3	3
Techfort	Feb-22	In Construction	Complete	Sep-22	Mar-23	Sep-23	12	6	1,009,000		1,009,000			1	5	2	3
Techfort 2	Jan-23	In Construction	Complete	Jun-23	Jun-23	Sep-23	3	3	850,000			850,000		5	4	2	4
Medway																	
Britton Farm Redevelopment Learning, Skills & Employment Hub	Sep-20	In Construction	Complete	Feb-23	Jun-23	Mar-24	12	8	1,990,000	1,990,000				4	5	1	3
Innovation Park Medway - Sustainable City of Business	Jul-21 and Nov-22	In Construction	Complete	Mar-22	Jun-23	Sep-23	18	3	1,178,323	778,323	400,000			1	5	3	3
Southend																	
Better Queensway	Nov-20	In progress	Ongoing	Mar-34	Mar-34	Mar-34			4,200,000				4,200,000	5	5	5	5
South Essex No Use Empty	Nov-20	Completed	Ongoing	Mar-22	Jun-23	Jul-23	16	1	1,200,000		407,089	542,911	250,000	5	1	1	2
LFFN - Phase 3	Nov-22	In progress	Ongoing	Mar-23	Sep-23	Sep-23	6		500,000		55,000	394,000	51,000	5	4	2	4
Thurrock																	
LFFN - Phase 2	Oct-20	In progress	Complete	Feb-22	Sep-23	Sep-23	19		2,500,000	1,869,075	630,925			1	5	2	3
Transport and Logistics Institute	Nov-20	Completed	Complete	Aug-21	Dec-21	Dec-21	4		600,000	600,000				4	3	3	3
Unallocated									2,049,232				2,049,232				
TOTAL									85,000,000	59,463,800	15,507,915	1,786,911	8,241,374				

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
<p>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.</p> <p>The façade improvements remain ongoing with completion expected in December 2023.</p>

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 have completed. The first tenants have moved into the building, with further tenants expected to occupy the building from September 2023. A tender process will be undertaken in September 2023 to find an operator for the unallocated spaces in the building.

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
Construction is now complete and work is being undertaken to establish the new workstreams enabled by the project.

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 Q1 2023/24: 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.</p>
Update on project delivery

Delivery of the project completed in June 2023, with full GBF spend incurred. However, due to a delay in finalising the required back-to-back legal agreement in relation to the additional GBF funding awarded to support project delivery in January 2023, it was not possible for the additional funding award to be released by Essex County Council (as responsible Upper Tier Local Authority) until July 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 Q1 2023/24: 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.</p>
Update on project delivery
<p>Delivery of the Enterprise Centre completed in September 2022 and the building is now fully operational.</p> <p>Whilst full GBF spend was incurred in advance of 30 June 2023, it was not possible for the additional funding awarded in January 2023 to be released by Essex County Council (as responsible Upper Tier Local Authority) until July 2023. This was due to a delay in finalising the required back-to-back legal agreement.</p>

Jaywick Market and Commercial Space
Extension granted: 15 months
GBF allocation: £2,391,060
% of GBF funding spent to end of Q1 2023/24: 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.</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 practical completion was achieved in September 2023.</p> <p>Whilst full GBF spend was incurred in advance of 30 June 2023, it was not possible for the additional funding awarded in January 2023 to be released by Essex County Council (as responsible Upper Tier Local Authority) until</p>

July 2023. This was due to a delay in finalising the required back-to-back legal agreement.

Tendring Bikes and Cycle Infrastructure
Extension granted: 15 months
GBF allocation: £2,600,200
% of GBF funding spent to end of Q1 2023/24: 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.</p>
Update on project delivery
<p>Project delivery completed in June 2023. However, whilst full GBF spend was incurred in advance of 30 June 2023, it was not possible for the additional funding awarded in January 2023 to be released by Essex County Council (as responsible Upper Tier Local Authority) until July 2023. This was due to a delay in finalising the required back-to-back legal agreement.</p>

Tindal Square, Chelmsford
Extension granted: 15 months
GBF allocation: £1,200,000
% of GBF funding spent to end of Q1 2023/24: 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.</p>
Update on project delivery
<p>Delivery of the project completed in July 2023.</p> <p>Whilst full GBF spend was incurred in advance of 30 June 2023, it was not possible for the additional funding awarded in January 2023 to be released by Essex County Council (as responsible Upper Tier Local Authority) until July 2023. This was due to a delay in finalising the required back-to-back legal agreement.</p>

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 predominantly complete, however, work is ongoing to complete the road adoption process and to secure planning permission for part of the extended footpath.

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
The station entered operation on 31 July 2023.

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.

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 work has been completed, however, fit out of the new space is continuing.</p>

Techfort – Phase 2
Extension granted: 15 months
GBF allocation: £850,000
% of GBF funding spent to end of Q1 2023/24: 100%
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
Construction work has been completed, however, fit out of the new space is continuing.

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
<p>Delivery of the enabling infrastructure is nearing completion, with construction of roads and pavements complete. In addition, lighting, gym equipment, bus stops and cycle stands have been installed and planting areas have been prepared.</p> <p>Marketing of the site continues, with construction of the first building on the site expected to commence in Winter 2023.</p>

Better Queensway
Extension granted: 15 months
GBF allocation: £4,200,000
% of GBF funding spent to end of Q1 2023/24: 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 was awarded to support early enabling works as part of the delivery of the major wider regeneration project, which is expected to complete in 2034. Full spend of the GBF funding has been evidenced by Swan Housing, however, Southend-on-Sea City Council have continued to hold the full GBF funding allocation whilst Sanctuary Housing Association complete their due diligence on the project, including a review of the claims</p>

submitted by Swan Housing. This due diligence has been ongoing since Sanctuary Housing Association took over Swan Housing.

As reported at previous meetings, Sanctuary Housing Association have undertaken a review of the business plan for the wider project as part of their due diligence. Following this review, Sanctuary Housing Association have advised Southend-on-Sea City Council that they wish to exit the Better Queensway partnership inherited from Swan Housing and will therefore play no role in the project moving forward.

Southend-on-Sea City Council remain committed to delivering regeneration on the Better Queensway estate and are actively developing alternative delivery models for consideration by their Cabinet.

As Southend-on-Sea City Council continue to hold the full GBF funding allocation, a further extension to GBF spend is being sought at this meeting.

There is an ongoing requirement for Southend-on-Sea City Council to provide assurances regarding the delivery of the wider project and it is expected that this will be brought forward following consideration of the delivery options available to the Council.

Should Southend-on-Sea City Council be unable to commit to delivering the wider project in accordance with the approved GBF Business Case, return of the GBF funding allocation will likely be sought.

No Use Empty South Essex
Extension granted: 15 months
GBF allocation: £1,200,000
% of GBF funding spent to end of Q1 2023/24: 79.2%
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 was allocated to No Use Empty loans prior to the last Board meeting, however, it was not possible for the final loan to be completed prior to 30 June 2023. This was due to the extended timeline for approving applications and the complex nature of the final loan.</p>

The final loan was completed in late July 2023, however, this meant that full spend of the GBF funding was not achieved by 30 June 2023 and therefore a further extension to GBF spend is being sought at this Board meeting.

ASELA LFFN – Phase 3
Extension granted: 15 months
GBF allocation: £500,000
% of GBF funding spent to end of Q1 2023/24: 89.8%
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
<p>Delivery of the project has commenced, with completion expected by September 2023.</p> <p>Full spend of the GBF funding was not achieved by 30 June 2023 and therefore a further extension to GBF spend is being sought at this Board meeting.</p>

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, with full project completion expected in September 2023.

Appendix E – Compliance with conditions for GBF spend beyond 30 June 2023

Better Queensway	
Additional Extension requested: 7 months to 31 December 2023	
Responsible Upper Tier Local Authority: Southend-on-Sea City Council	
Provision of a clear delivery plan with specific delivery milestones and completion date to be agreed by the Board	
The current programme for the project is as follows:	
Milestone	Expected date
Hybrid Planning Application considered by Southend-on-Sea City Council Planning Committee	March 2021
Completion of required S106 agreement for the wider Better Queensway scheme	September 2021
Formal award of Hybrid Planning Consent	September 2021
Delivery of highways infrastructure investment	2023 to 2025
Demolition of four existing residential blocks	2025 onwards
Construction of housing, commercial space and public realm	2024 to 2033
Completion of the wider Better Queensway project	2034
The delivery programme will be reviewed once Southend-on-Sea City Council have selected their new delivery model.	
Confirmation that all funding sources identified to enable delivery of the Project are in place and provision of an updated GBF spend profile	
Junior Loan, HIF funding and the GBF is in place, alongside a funding strategy which will enable project delivery.	
Full spend of the GBF funding has been evidenced but the funding continues to be held by Southend-on-Sea City Council. It was intended that the funding would be released to Sanctuary Housing Association following completion of their required due diligence. Given that Sanctuary have now withdrawn from the project, a further update on the status of the GBF funding will be provided at the next Board meeting.	
Written confirmation that all planning requirements were met by 15 July 2022	
All planning requirements for the GBF funded elements of the project have been met with consent granted in September 2021, assuming there are no significant changes to project scope.	
Written confirmation that all other (non-planning) consents and approvals were received by 15 July 2022	
All other non-planning required consents and approvals are in place.	
Confirmation that contractual commitments were in place with the construction contractor by 30 September 2022	

Swan Commercial Services were procured by Southend-on-Sea City Council as delivery partner and a Construction Management Agreement was in place. Swan Housing have subsequently been acquired by Sanctuary Housing Association, who have chosen to withdraw from the project. As a consequence, it is understood that contractual commitments are no longer in place with the construction contractor.

Confirmation that the total project cost and the project benefits remain unchanged ensuring that the Project continues to offer High value for money

Southend-on-Sea City Council are currently considering alternative delivery models for the project following the withdrawal of Sanctuary Housing Association. A review of the business plan for the wider project will be carried out once an alternative delivery model has been agreed by the Council.

Southend-on-Sea City Council have previously reported that project costs have increased (by an unknown amount) since submission of the GBF Business Case, however, it has also been reported that benefits have increased.

A clear position on the total project cost and project benefits will be sought from Southend-on-Sea City Council following confirmation of the chosen alternative delivery model.

No Use Empty South Essex			
Additional Extension requested: 3 months to 30 September 2023			
Responsible Upper Tier Local Authority: Southend-on-Sea City Council			
Provision of a clear delivery plan with specific delivery milestones and completion date to be agreed by the Board			
The final No Use Empty loan was issued on 28 July 2023.			
Confirmation that all funding sources identified to enable delivery of the Project are in place and provision of an updated GBF spend profile			
Private sector investment has been agreed on a case-by-case basis as loans have been agreed with property owners. All other funding sources identified to enable delivery of the project are in place.			
The spend profile for the GBF funding allocated to the project is as follows:			
2022/23	Q1 2023/24	Q2 2023/24	Total
£407,089	£542,911	£250,000	£1,200,000
Written confirmation that all planning requirements were met by 15 July 2022			
The GBF funding has been made available for developers/landlords as 0% interest loans to bring empty commercial properties back into use as either alternative commercial or mixed-use premises. To be eligible for a loan all applicants must demonstrate that they have any required permissions, including planning.			
Planning permission for the property which is the subject of the final loan has been secured.			
Written confirmation that all other (non-planning) consents and approvals were received by 15 July 2022			
All other consents and approvals are in place.			
Confirmation that contractual commitments were in place with the construction contractor by 30 September 2022			
Southend-on-Sea City Council will not be entering into any contractual commitments with construction contractors with regard to this project. Procurement responsibilities sit with the loan recipient. All applicants are required to provide two quotes for the required works with their loan application.			
Confirmation that the total project cost and the project benefits remain unchanged ensuring that the Project continues to offer High value for money			
The total project cost and the forecast project benefits remain as set out in the Business Case, which demonstrates that the project continues to offer High value for money.			

ASELA LFFN – Phase 3			
Additional Extension requested: 3 months to 30 September 2023			
Responsible Upper Tier Local Authority: Southend-on-Sea City Council			
Provision of a clear delivery plan with specific delivery milestones and completion date to be agreed by the Board			
The programme for the Project is as follows:			
Milestone		Expected date	
Planning and contract detail agreement		March 2023	
Rollout plan commences		April 2023	
Rollout completes		September 2023	
Confirmation that all funding sources identified to enable delivery of the Project are in place and provision of an updated GBF spend profile			
The project is being fully funded through the GBF.			
The spend profile for the GBF funding allocated to the project is as follows:			
2022/23	Q1 2023/24	Q2 2023/24	Total
£55,000	£394,000	£51,000	£500,000
Written confirmation that all planning requirements were met by 15 July 2022			
No planning consents are required.			
Written confirmation that all other (non-planning) consents and approvals were received by 15 July 2022			
No other consents and approvals are required.			
Confirmation that contractual commitments were in place with the construction contractor by 30 September 2022			
Contractual commitments could not be made until the award of the GBF funding was confirmed and therefore contractual commitments were not in place by 30 September 2022.			
Confirmation that the total project cost and the project benefits remain unchanged ensuring that the Project continues to offer High value for money			
Total project cost and project benefits remain in line with the Business Case. The project was considered under Value for Money exemption 2.			

Appendix F - Outstanding post scheme completion Monitoring and Evaluation reports

Project	Area	1 Year Post Completion
Creative Hub, 4 Fisher Street, Lewes	East Sussex	Outstanding
Labworth Car Park, Canvey Island modernisation	Essex	Outstanding
Digitally Connecting Rural Kent and Medway	Kent	Outstanding
St George's Creative Hub	Kent	Outstanding
The Amelia Scott	Kent	Outstanding
Transport and Logistics Institute	Thurrock	Outstanding

Forward Plan reference numbers: FP/AB/664 and FP/AB/673

Report title: Local Growth Fund Capital Programme Update	
Report to: Accountability Board	
Report author: Helen Dyer, SELEP Capital Programme Manager	
Meeting date: 22 September 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. **Agree** that LGF spend in 2022/23 totalled £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 £9.057m excluding DfT retained schemes and increasing to £9.142m including DfT retained schemes, as set out in Table 2 and Appendix A of the report.
 - 2.1.3. **Agree** that, following the removal of the Housing Infrastructure Fund funding, the £1.821m LGF awarded to the A289 Four Elms roundabout to Medway Tunnel project can be retained against the project whilst Medway Council takes steps to identify and secure alternative funding sources to enable delivery of the project. Noting that a further update on the project will be provided at the January 2024 Board meeting.
 - 2.1.4. **Note** the deliverability and risk assessment, as set out in Appendix D.

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, a review is being carried out 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 has been sought from relevant local partner authorities. The outcome of the review, and the intended recommendations to Strategic Board, will be set out at the next Board meeting.

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. Whilst completion of required year end declarations by all local partner authorities is ongoing, Table 1 reflects the year end spend position for 2022/23. Should the completed year end declarations highlight any inaccuracies within the spend information provided to the Board, a further update will be provided at a future meeting.
- 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.
- 5.3. It should be noted that LGF quarterly reporting was not provided by Thurrock Council in advance of this meeting and therefore the information included within this report and the accompanying appendices may not reflect the latest position. Given that Thurrock Council have previously reported full spend of the LGF funding awarded to all their projects, excluding Grays South, and that the Board have agreed that LGF spend on the Grays South project should be placed on hold, it is considered that the Thurrock Council LGF spend figures reported at the last Board meeting remain an accurate reflection of the position.

Table 1: 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%

- 5.4. 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.
- 5.5. 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.
- 5.6. 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.
- 5.7. Table 2 below sets out the current 2023/24 spend position, and shows progress towards achieving forecast LGF spend.

Table 2: 2023/24 spend position

LGF (£m)				
	Planned LGF spend 2023/24	Reported spend Q1 2023/24	% of planned LGF spend achieved in Q1 2023/24	Forecast LGF spend Q2 to Q4 2023/24
East Sussex	3.452	-0.197	0.0%	3.649
Essex	1.886	0.000	0.0%	1.886
Kent	3.719	0.055	1.5%	3.664
Medway	0.000	0.000	-	0.000
Southend	0.000	0.000	-	0.000
Thurrock	0.000	0.000	-	0.000
LGF Sub-Total	9.057	-0.142		9.199
Retained	0.086	-0.042	0.00%	0.128
Total Spend	9.142	-0.184		9.327

5.8. Table 2 shows that, whilst Kent County Council have reported spend of £0.055m in Q1 2023/24, reported spend across all local partner authorities totals -£0.184m. This is, in part, due to the proposed changes to the scope of the Hastings and Bexhill Movement and Access Package project (as set out under Agenda Item 10). It has not been possible for some elements of the project to progress and therefore LGF spend previously reported against those elements has been reversed in the latest reporting submission.

5.9. Table 3 below sets out the updated LGF spend forecast for future years.

Table 3: Summary LGF spend forecast – all years

LGF (£m)						
	Actual LGF spend to end of 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 2023
East Sussex	71.874	3.448	3.452	3.246	82.020	91.8%
Essex	93.130	5.786	1.886	13.189	113.991	86.8%
Kent	119.802	1.717	3.719	3.418	128.656	94.5%
Medway	32.440	0.000	0.000	0.000	32.440	100.0%
Southend	32.218	1.496	0.000	0.000	33.715	100.0%
Thurrock	30.142	0.000	0.000	5.699	35.840	84.1%
Skills	21.975	0.000	0.000	0.000	21.975	100.0%
M20 Junction 10a	19.700	0.000	0.000	0.000	19.700	100.0%
Sub-total	421.279	12.447	9.057	25.552	468.335	90.0%
DfT retained	96.776	0.238	0.086	13.500	110.600	87.7%
Total spend forecast	518.056	12.685	9.142	39.052	578.935	91.7%

5.10. Table 3 shows that 91.7% of the total LGF allocation (including DfT retained schemes) had been reported as spent by the end of March 2023. A further 1.6% of the LGF allocation is forecast for spend in 2023/24, leaving 6.7% unspent as at 1 April 2024.

- 5.11. 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.
- 5.12. 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 April 2023 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 15.
- 5.13. 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. In addition, the risk assessment takes into account whether required post scheme completion Monitoring and Evaluation reports have been submitted and whether spend of the match funding set out in each of the project Business Cases has been achieved.
- 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 4 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 delivery delays 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 at least 4 (Amber/Red), unless the project has now been delivered and there is no substantial impact on the delivery of expected project outcomes.
- 6.10.3. **Finances** – considers changes to project spend profiles, project budget, certainty and spend of match funding contributions and amount of LGF spend forecast beyond 30 June 2023.
- 6.10.4. **Reputation** – considers the reputational risk for the delivery partner, local authority and SELEP Ltd. This also considers delays in submission of required post scheme completion Monitoring and Evaluation reports.

Table 4: Summary of LGF project risk

Risk Score	Number of projects	LGF allocation to projects (£m)	LGF spend beyond 30 June 2023 (£m)
Low risk - 1	34	137.743	0.000
Low/Medium risk - 2	23	101.009	0.000
Medium risk - 3	14	70.526	0.000
Medium/High risk - 4	24	113.340	9.083
High risk - 5	11	156.318	39.296
Total	106	578.935	48.379

- 6.11. In total, £39.296m LGF is forecast for spend on high-risk projects beyond the end of Q1 2023/24. A summary of the 11 high risk projects is set out in Appendix E.
- 6.12. Updates on 6 of the high-risk projects are provided under Agenda Items 10, 11, 12, 13, 14 and 15 and an update on the A289 Four Elms roundabout to Medway Tunnel project is set out in Section 7 of this report. In summary, the position regarding the other 4 high-risk projects is as follows:
- 6.12.1. A127 Fairglen Junction Improvements (DfT retained scheme) (total LGF allocation £15m) – whilst the Board approved the award of the remaining £13.5m LGF allocation to the project in February 2021, a final decision to approve the project from the Secretary of State for Transport remains outstanding. DfT have now indicated a requirement for additional obligations with regard to land acquisition to have been met by Essex County Council before the funding decision will be taken. Essex County Council are working to meet these obligations as soon as possible.

- 6.12.2. Essex County Council have confirmed that the Compulsory Purchase Order (CPO) objection process concluded in April 2022. Whilst there were no objections from landowners, 3 objections were received from UK Power Networks (UKPN), Network Rail and National Grid. 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.
- 6.12.3. A28 Chart Road, Kent (total LGF allocation £2.756m) – the project remains on hold whilst waiting for the Chilmington developer to reach their planning obligation to provide funding for the project, under the terms of the S106 agreement. This planning obligation will be reached once 400 homes have been occupied on the site. It was originally anticipated that the planning obligation would be reached in 2022 or 2023, however, the build out rate has been slower than anticipated so it is looking likely that the planning obligation will not be reached until 2024/25. 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.
- 6.12.4. Grays South (total LGF allocation £10.84m) – the project remains on hold whilst awaiting the outcome of the full project review currently being undertaken by Inner Circle Consulting on behalf of Thurrock Council. It was anticipated that the outcome of the review would be presented to Thurrock Council Cabinet on 13 September 2023 alongside proposed next steps for the project, however, it is now understood that Thurrock Council Cabinet will not be considering the project until 11 October 2023.
- 6.12.5. It is expected that a full update on the status of the Grays South project will be provided at the next Board meeting.
- 6.12.6. 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.

- 6.12.7. As detailed at the April 2023 Board meeting, Thurrock Council provided an update on the project to their Planning, Transport, Regeneration Overview and Scrutiny Committee in February 2023 which highlighted concerns regarding progress towards achieving the forecast project benefits. The update provided was as follows:
- 6.12.8. '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.
- 6.12.9. 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.
- 6.12.10. 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.'
- 6.12.11. 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.

- 6.12.12. 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.
- 6.13. 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. A289 Four Elms Roundabout to Medway Tunnel – project update

- 7.1. The A289 Four Elms roundabout to Medway Tunnel project was initially considered by the Strategic Board in March 2015 (prior to the establishment of the Accountability Board) and was awarded £11.1m LGF. The original project Business Case indicated that the project would focus on three roundabouts on the A289 route in Medway – Four Elms, Sans Pareil and Anthonys Way roundabouts. The project sought to enlarge each roundabout to provide additional carriageway space with increased entry lanes and some free flow slips where possible.
- 7.2. The Business Case set out a funding package including £7.129m of S106 funding in relation to the proposed Lodge Hill development. The decision to award planning approval to the development was called in by the Secretary of State. The developer took the decision to withdraw the planning application before a decision was issued by the Secretary of State. As a result, the expected S106 contribution was no longer forthcoming and the project could no longer be delivered in line with the agreed scope.
- 7.3. In February 2018, a revised Business Case which set out a smaller scale scheme was presented to the Board. The Board approved an initial award of £3.5m LGF to the project to enable further scheme development.
- 7.4. The specific interventions outlined in the revised Business Case included:
- 7.4.1. increased capacity and full signalisation (including pedestrian crossing facilities) at Four Elms roundabout;
 - 7.4.2. free flow slip road from Wainscott Bypass to Four Elms Hill;
 - 7.4.3. additional lanes on Wulfere Way between Sans Pareil and Four Elms roundabouts;

- 7.4.4. free flow slip road from Frindsbury Hill to Wulfere Way;
 - 7.4.5. realignment of Wainscott Road junction (from Sans Pareil roundabout to Frindsbury Hill);
 - 7.4.6. additional exit lane onto Berwick Way for right turning traffic; and
 - 7.4.7. enforced reduced speed limit along the entire route.
- 7.5. It should be noted that, whilst planned works at Anthonys Way roundabout were removed from the scope of the A289 Four Elms roundabout to Medway Tunnel project, improvements to the roundabout including the provision of a new free flow slip for traffic exiting the Medway City Estate, were delivered by Medway Council in 2022 using LGF funding awarded to support the Medway City Estate Connectivity Improvement Measures project.
- 7.6. Medway Council have advised that the Anthonys Way roundabout improvements were specifically envisaged to provide capacity improvements and to integrate with future improvement schemes that were known to be progressing. It is noted that the combination of improvements would have seen greater benefits realised along this key traffic corridor.
- 7.7. Subsequently, in February 2020, the Board were advised that Medway Council had been successful in securing £170m from the Housing Infrastructure Fund (HIF). The HIF funding was sought to deliver a wider package of works on the Hoo Peninsula, of which the works detailed in the revised LGF Business Case formed an integral and strategic element.
- 7.8. The Board were advised that the HIF works would enable 10,600 new homes on the Hoo Peninsula by 2035, through delivery of essential enabling infrastructure including:
- 7.8.1. Highway improvements – a new road linking the A289 with the Hoo Peninsula, junction capacity improvements to service the new developments and improvements to the A289 to improve traffic flow and capacity, including interventions at the Sans Pareil and Four Elms roundabouts which were developed as part of the LGF project.
 - 7.8.2. Rail investment – delivery of a new train station, improvements to the existing railway line to Grain including re-signalling and a new mainline connection.
 - 7.8.3. Green infrastructure – investment in country parks on the Hoo Peninsula which will benefit local wildlife, protect important sites for nature, as well as offering opportunities for residents to enjoy the countryside.
- 7.9. The report to the Board in February 2020 noted that it had been agreed with Medway Council, at the time of HIF Business Case submission, that the unspent LGF funding would be returned to SELEP for reallocation to

alternative projects if the HIF application was successful, as the need for the LGF funding would then be eliminated. As a result, the Board agreed that the unspent £9.279m LGF should be returned to SELEP for reallocation, reducing the LGF allocation to the project to £1.821m.

- 7.10. The Board also agreed that there was compelling justification for SELEP to not recover the £1.821m LGF which had been spent on the project to date. This decision was taken on the basis that the project would still be delivered within a similar timeframe using the HIF funding, meaning that Medway Council would continue to account for the LGF spend as a capital cost, which is a condition of the funding. It was noted within the report that should the project not progress to delivery through the HIF funding, the £1.821m LGF spend to date would likely become a revenue cost and would therefore need to be returned to SELEP, as grant conditions from Government stipulate that LGF funding can only be spent on capital expenditure.
- 7.11. At the last meeting, the Board were advised by Medway Council that, as a result of cost increases predominantly caused by rising inflation levels, revised plans for the HIF project had been submitted to Homes England. These plans saw the removal of the rail element of the project. Medway Council reported that Homes England had subsequently advised that the £170m HIF allocation was at risk of being removed from the project, primarily due to there not being a current Local Plan in place, despite recent good progress on the project. At the time of the Board meeting, Medway Council were seeking an urgent meeting with Homes England and DLUHC to discuss the project and to seek a sensible solution.
- 7.12. It was confirmed on 10 July 2023, that the final decision had been taken by Homes England and DLUHC to stop the HIF project and to remove the funding allocated to the project. Medway Council have confirmed that as a result, work on all aspects of the project including six phases of highway interventions designed to improve the Hoo Peninsula's links to the rest of Medway, reduce congestion and improve air quality, and investment in public access to open space and options to improve public transport has been paused.
- 7.13. Medway Council have indicated that they remain committed to delivering improvements in Hoo and that they will continue to work with residents, Parish Councils, community groups and members of the Hoo Consortium of landowners and housebuilders to develop alternative solutions. Their focus remains on improving the wellbeing of all residents by providing sustainable transport links, access to open spaces, employment opportunities and new homes in a managed and sustainable manner and for the benefit of all.
- 7.14. As referenced at Section 7.11 of this report, Medway Council do not have a current Local Plan in place. The development and adoption of a new Local Plan is a key priority for the Council and it is expected that consultation on Regulation 18 (early consultation on what the Local Plan needs to address and what the priorities should be) will commence on 18 September 2023 and will run until 31 October 2023. The development of an emerging Local Plan

will strengthen Medway Council's case when seeking alternative funding to support strategic project delivery.

- 7.15. In relation to the works detailed in the approved LGF Business Case, the HIF funding has allowed the designs to be progressed and this work will be used to inform future design proposals once alternative funding has been secured. Medway Council have indicated interventions continue to be required at Four Elms roundabout, irrespective of the HIF development coming forward, in order to address air quality issues and to improve capacity.
- 7.16. Medway Council are actively exploring alternative funding sources, including through Central Government and other funding bodies. Homes England have committed to supporting Medway Council in their efforts to secure alternative funding, and meetings have been scheduled to look at future funding opportunities. S106 receipts for consented development amounting to circa £3m have already been secured and identified as appropriate for supporting the improvements to Four Elms roundabout. Future development and hence further S106 funding requirements for mitigation schemes will be defined through work on the Strategic Transport Assessment (an assessment of key transport corridors and locations for all modes of transport) and will be presented in further iterations of the Infrastructure Development Plan (a plan to ensure that development happens in the right places at the right time, in a coordinated way), supporting the new Local Plan.
- 7.17. Medway Council have indicated that they have identified strategic transport interventions as being critical to planning for the delivery of housing and economic growth in Medway. This finding has been made in the evidence base work for the Local Plan, in relation to the determination of major planning applications and in preparing the Council's representations to the examination of the Development Consent Order to the Lower Thames Crossing. Medway Council have reported that National Highways have raised concerns over the current capacity and safety of M2 Junction 1 (where the A289 joins the M2/A2), which is a key route linking Medway with the wider strategic road network. Until a solution to these concerns can be identified, development will be limited.
- 7.18. Work in addressing strategic transport matters is a priority for Medway Council, and they are working in collaboration with neighbouring councils and wider partnerships and organisations in seeking solutions to the major barriers to growth in North Kent.
- 7.19. The proposed work at Four Elms roundabout forms part of a wider strategic approach in which transport is integral to planning for Medway's growth and economic success.
- 7.20. As outlined above, the Board agreed that the £1.821m LGF spent to date could be retained against the project on the basis that it would be delivered using the HIF funding. Following the removal of the HIF funding, the return of the LGF funding could be sought by the Board at this meeting. However, given Medway Council's ongoing commitment to delivering the project and the

steps that have already been taken to address the challenge of not having a current Local Plan in place and to secure alternative funding, it is recommended that the funding remains allocated to the project at this time.

- 7.21. The impending dissolution of SELEP, following the decision by Government to not provide any further core funding to LEPs, places a limit on the amount of time that the Board can allow for Medway Council to identify and secure alternative funding. It is important that the project is subject to further consideration by the Board and that a definitive decision on the ongoing status of the funding is taken prior to March 2024. It is therefore recommended that a further update on the project is brought to the January 2024 Board meeting. This will allow time, should the Board decide that the funding should be removed from the project, for reallocation of the funding to alternative projects.

8. Local Growth Fund project delivery beyond September 2021

- 8.1. 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.
- 8.2. 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.
- 8.3. 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 reporting of spend in 2022/23 is a reflection of a delay in completing required accounting processes, rather than a delay in spending the funding.
- 8.4. 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.

9. Projects remaining on LGF pipeline

- 9.1. 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.

- 9.2. 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.
- 9.3. 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.
- 9.4. 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.
- 9.5. 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.
- 9.6. As referenced in Section 4 of this report, a review is being carried out 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 has been sought from relevant local partner authorities. The outcome of the review, and the intended recommendations to Strategic Board, will be set out at the next Board meeting.

10. LGF Programme Risks

- 10.1. 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.

- 10.2. Following receipt of confirmation from Central Government that they will not be providing core funding to LEPs after 2023/24 and that LEP activities should be transferred to local authorities from 2024/25, a new risk has been added to the LGF programme risk register. This risk relates to the possibility of effective oversight of the LGF programme being lost as a result of the transition of activities to local authorities. This may result in projects not delivering in accordance with their agreed Business Cases and may lead to required reporting not being submitted to Government.
- 10.3. This risk is being mitigated through ongoing discussions between SELEP, Essex County Council (as the Accountable Body for SELEP) and the six Upper Tier Local Authority partners, which are focused on determining how the management of the capital programme should be taken forward post SELEP. An update on transition plans, including proposals for ongoing management of the LGF programme, will be provided to the Strategic Board in October 2023. There will likely be decisions related to this workstream which fall within the remit of the Board and these decisions will be presented at future meetings once the general direction of travel has been considered and agreed by the Strategic Board.
- 10.4. 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.
- 10.5. 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.
- 10.6. 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 completion evaluation reports is provided at Appendix G.
- 10.7. 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 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, a greater focus will now be placed on updating the Board on project benefits which have been realised and on providing a more comprehensive update on all outstanding Monitoring and Evaluation reports and the actions being taken to secure submission of these reports.

- 10.8. It was intended that a separate report which focused solely on the status of the post scheme completion monitoring and evaluation and which summarised the benefits which have been realised to date across both the LGF and Getting Building Fund (GBF) programmes would be presented at this meeting. However, further time is needed to collate and verify this information and therefore the report will now be presented at the next Board meeting.
- 10.9. Whilst a full update has not been presented at this meeting, it should be noted that steps are being taken to secure the required post scheme completion reporting. These steps have included increased engagement between the SELEP Capital Programme team and local partner authorities and regular discussions and intelligence gathering on the approach to completing the required post scheme completion monitoring and evaluation reporting at the quarterly Programme Consideration Meetings (meetings held in the lead up to Board meetings bringing together all capital programme leads across the SELEP area). The Programme Consideration Meetings also provide the opportunity for the SELEP Capital Programme team to feedback on any recurring errors or omissions which have been identified in reporting submissions which have been reviewed to date. This engagement will continue through 2023/24.
- 10.10. 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. As referenced at Section 5.3 of this report, this risk has materialised with Thurrock Council failing to submit their LGF quarterly reporting in advance of this meeting.

11. Financial Implications (Accountable Body comments)

- 11.1. 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.
- 11.2. 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.
- 11.3. 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.
- 11.4. 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.
- 11.5. 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.
- 11.6. 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.
- 11.7. 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.

- 11.8. 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.
- 11.9. With respect to the A289 Four Elms Roundabout to Medway Tunnel Project update, the funding risk with respect to Project delivery is noted. The SLA in place with Medway Council sets out the requirement for a decision to be made by the Board in respect of retention of LGF against the Project in the event of a Project Change (which includes project cancellation). In this circumstance, the Project will be reviewed to determine whether the requirements of the SLA and the SELEP Assurance Framework are met to enable the LGF to continue to be allocated against the Project. Should the requirements not be met, a request will be made to the Board for the funding to be returned to Essex County Council, as the Accountable Body for SELEP.

12. Legal Implications (Accountable Body comments)

- 12.1. 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.
- 12.2. It is a requirement that the Partner Authorities mirror the terms of the SLA within its funding agreements with the delivery partners.
- 12.3. 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.

13. Equality and Diversity implication

- 13.1. 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.

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- 13.2. The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation.
- 13.3. 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.

14. List of Appendices

- 14.1. Appendix A – LGF spend forecast update
- 14.2. Appendix B – LGF prioritised project pipeline
- 14.3. Appendix C – Projects spending LGF beyond 30 September 2021
- 14.4. Appendix D – Project deliverability and risk update
- 14.5. Appendix E – High Risk Projects
- 14.6. Appendix F – LGF Programme Risks
- 14.7. Appendix G – Outstanding post scheme completion monitoring and evaluation reports

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

Role	Date
Accountable Body sign off	
Michael Neumann	13/09/2023
(On behalf of Nicole Wood, S151 Officer, Essex County Council)	

Appendix A LGF spend forecast update

SELEP number	Project Name	Promoter	Spend to 2021/22	2022/23 Total	2023/24 Q1	2023/24 Q2	2023/24 Q3	2023/24 Q4	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	0.485							2.100
LGf00024	Eastbourne and South Wealden Walking and Cycling LSTF package	East Sussex	4.610	0.287	0.005	0.474	0.474	0.474	1.427	0.277	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	1.096	-0.222	0.243	0.243	0.243	0.506	2.969	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	0.664	0.020	0.380	0.380	0.739	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							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 Fairglens Interchange new link road	Essex	6.235								6.235
LGf00103	M11 Junction 8 Improvements	Essex	2.734	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 Total	2023/24 Q1	2023/24 Q2	2023/24 Q3	2023/24 Q4	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	4.501							5.000
LGF00125	New Construction Centre, Chelmsford	Essex	1.295								1.295
LGF00127	Colchester Grow on Space	Essex	0.417	0.285		0.629	0.629	0.629	1.886	1.189	3.777
Kent											
LGF00003	I3 Innovation Investment Loan Scheme	Kent	5.644			0.356			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 Gyratory 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	1.080	0.000	0.452	0.547	0.754	1.754	0.573	8.900
LGF00040	A28 Sturry Link Road	Kent	1.228	0.218	0.055	0.300	0.545	0.709	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							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	0.366							7.344
LGF00096	A2 off-slip at Wincheap, Canterbury (removed from programme)	Kent									
LGF00094	Leigh Flood Storage Area	Kent	2.299	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							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 Total	2023/24 Q1	2023/24 Q2	2023/24 Q3	2023/24 Q4	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
LGF00122	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							23.370
LGF00115	Southend Town Centre	Southend	0.336	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	12.447	-0.142	2.834	2.818	3.547	9.057	25.552	468.335

DfT retained schemes

LGF00079	A127 Fairglens 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	0.238	-0.042			0.128	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	0.238	-0.042			0.128	0.086	13.500	110.600

Appendix B – LGF pipeline, as at 22 September 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%	Mar-26
LGF00044	Eastbourne town centre LSTF access & improvement package	East Sussex	8.0000	2.2600	28.2%	Dec-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%	Dec-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	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	Kent	2.3490	0.0505	2.1%	Mar-26
LGF00126	East Malling Advanced Technology Horticultural Zone	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%	Jul-23
LGF00122	IPM2 (Rochester Airport - Phase 3)	Medway	1.5185	0.9165	60.4%	Jul-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	Accountability Board approval	Delivery Status	Spend status of LGF funding award	Deliverability						Deliverability RAG rating	Financial						Overall RAG rating
				Expected completion date (as stated in Business Case)	Expected completion date (May 2023)	Expected completion date (August 2023)	Months delay incurred (since original Business Case)	Months delay incurred (since last update)	LGF allocation (£)		Actual LGF spend to end of 2022/23 (£)	Spend Q1 2023/24 (£)	Forecast LGF spend from Q2 2023/24 onwards (£)	Financials RAG rating	Reputational risk RAG		
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			4	1	2	
Hailsham, Polegate and Eastbourne Movement and Access Transport scheme	Feb-17	Design in progress	Complete	Mar-20	Mar-25	Mar-25	61		5	2,100,000	2,100,000			5	2	4	
Eastbourne and South Wealden Walking and Cycling LSTF package	Nov-15 and Feb-19	Construction in progress	Ongoing	Mar-21	Dec-24	Dec-24	46		5	6,600,000	4,896,233	5,220	1,698,548	5	3	4	
Queensway Gateway Road	Mar-15	Construction in progress	Complete	Mar-16	TBC	TBC			5	10,000,000	10,000,000			5	5	5	
Swallow Business Park, Hailsham	Feb-16	LGF project delivered	Complete	Mar-17	Mar-17	Mar-17			3	1,400,000	1,400,000			5	3	4	
Sovereign Harbour	Feb-16	LGF project delivered	Complete	Mar-17	Mar-17	Mar-17			1	1,700,000	1,700,000			1	1	1	
North Bexhill Access Road and Bexhill Enterprise Park	Nov-15	Construction in progress	Complete	Mar-18	TBC	TBC			5	18,600,000	18,600,000			1	3	3	
Hastings and Bexhill Movement and Access Package	Feb-18	Construction in progress	Ongoing	Mar-21	Sep-25	Mar-26	61	6	5	9,000,000	5,524,458	-222,242	3,697,784	5	4	5	
Eastbourne Town Centre LSTF access and improvement package	Apr-16 and Feb-19	Construction in progress	Ongoing	Mar-21	May-24	Dec-24	46	7	5	8,000,000	6,481,329	20,200	1,498,471	5	3	4	
Coastal Communities Housing Intervention Hastings	Feb-17	LGF project delivered	Complete	Apr-20	Mar-20	Mar-20			3	666,667	666,667			4	3	3	
East Sussex Strategic Growth Project	Jan-17	Project in progress	Complete	Mar-21	TBC	TBC			5	8,200,000	8,200,000			5	3	4	
Devonshire Park	Mar-17	LGF project delivered	Complete	Mar-20	Nov-19	Nov-19			3	5,000,000	5,000,000			3	3	3	
Bexhill Enterprise Park North	Jun-19	Project in progress	Complete	Mar-20	TBC	TBC			5	1,940,000	1,940,000			5	3	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			5	1	2	
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		1	960,000	960,000			1	1	1	
Eastbourne Fisherman's Quayside and Infrastructure Development project	Jul-20 and Feb-21	LGF project delivered	Complete	Jul-21	Mar-22	Mar-22	8		1	1,440,000	1,440,000			1	2	1	
Essex																	
Colchester Broadband Infrastructure	Mar-15	LGF project delivered	Complete	Mar-16	Mar-16	Mar-16			3	200,000	200,000			1	3	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			2	3	3	
Colchester Town Centre	Mar-15	LGF project delivered	Complete	Mar-16	Jan-18	Jan-18	22		1	4,600,000	4,600,000			1	1	1	
TGSE LSTF - Essex	Mar-15	LGF project delivered	Complete	Aug-16	Mar-17	Mar-17	7		1	3,000,000	3,000,000			1	1	1	
A414 Pinch Point Package	Jun-15	LGF project delivered	Complete	Mar-17	Mar-19	Mar-19	24		1	10,487,000	10,487,000			1	1	1	
A414 Maldon to Chelmsford RBS	Jun-15	LGF project delivered	Complete	Mar-17	Dec-16	Dec-16			1	2,000,000	2,000,000			1	1	1	
Chelmsford Station/Station Square/Mill Yard	Jun-15	LGF project delivered	Complete	Dec-17	May-19	May-19	17		1	3,000,000	3,000,000			1	1	1	
Basilidon Integrated Transport Package	Mar-15, May-17 and Feb-19	LGF project delivered	Complete	Mar-21	May-21	May-21	2		1	6,586,000	6,586,000			1	2	1	
Colchester Park and Ride and Bus Priority measures	Mar-15	LGF project delivered	Complete	Apr-15	Apr-15	Apr-15			1	5,800,000	5,800,000			1	1	1	
A127 Fairglen junction improvements	Pending	Approval pending	Ongoing	Sep-22	TBC	TBC			5	15,000,000	1,500,000		13,500,000	5	4	5	
A127 capacity enhancements	Jun-15	LGF project delivered	Complete	Dec-20	Nov-18	Nov-18	-25		1	4,000,000	4,000,000			1	1	1	
A131 Chelmsford to Braintree	Feb-17	LGF project delivered	Complete	Mar-20	Apr-20	Apr-20	1		1	3,660,000	3,660,000			1	1	1	
A133 Colchester to Clacton	Nov-17	LGF project delivered	Complete	Mar-20	Jun-20	Jun-20	3		1	2,740,000	2,740,000			1	1	1	
Chelmsford City Growth Area Scheme	Dec-17	LGF project delivered	Complete	Mar-21	Sep-21	Sep-21	6		1	10,000,000	10,000,000			1	1	1	
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	
Coastal Communities Housing Intervention Jaywick	Feb-17	LGF project delivered	Complete	Jun-19	Jun-19	Jun-19			3	666,667	666,667			1	3	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	3	2	

Appendix D - Local Growth Fund Delivery and Risk

Project	Deliverability									Financial						
	Accountability Board approval	Delivery Status	Spend status of LGF funding award	Expected completion date (as stated in Business Case)	Expected completion date (May 2023)	Expected completion date (August 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 (£)	Spend Q1 2023/24 (£)	Forecast LGF spend from Q2 2023/24 onwards (£)	Financials RAG rating	Reputational risk RAG	Overall RAG rating
Technical and Professional Skills Centre at Stansted Airport Innovation Centre - University of Essex Knowledge Gateway	May-17	LGF project delivered	Complete	Sep-18	Sep-18	Sep-18			1	3,500,000	3,500,000			1	1	1
STEM Innovation Centre - Colchester Institute	Sep-17	LGF project delivered	Complete	Jan-19	Apr-19	Apr-19	3		1	2,000,000	2,000,000			1	1	1
A127/A130 Fairglen Interchange new link road	Dec-17	LGF project delivered	Complete	Jan-19	Apr-20	Apr-20	15		3	5,000,000	5,000,000			1	3	2
M11 junction 8 improvements	Feb-19	Design in progress	Complete	Apr-22	TBC	TBC			5	6,235,000	6,235,000			5	3	4
Mercury Rising Theatre	Nov-17 and Mar-21	Construction in progress	Complete	Mar-21	Sep-24	Sep-24	43		5	3,733,896	3,733,896			2	3	3
Basildon Digital Technologies Campus	Nov-17 and Sep-21	LGF project delivered	Complete	Mar-20	Mar-22	Mar-22	24		1	1,228,000	1,228,000			1	1	1
Colchester Institute training centre (Groundworks and scaffolding)	Jun-19	LGF project delivered	Complete	Sep-20	Sep-21	Sep-21	12		3	2,150,000	2,150,000			1	3	2
USP College Centre of Excellence for Digital Technologies and Immersive Learning , Benfleet	Jun-19	LGF project delivered	Complete	Jan-20	Mar-21	Mar-21	14		3	50,000	50,000			1	3	2
Flightpath Phase 2	Jun-19	LGF project delivered	Complete	Sep-20	Sep-21	Sep-21	12		1	900,000	900,000			1	1	1
University of Essex Parkside (Phase 3)	Jun-19 and Feb-21	LGF project delivered	Complete	Sep-20	Sep-21	Sep-21	12		1	1,981,500	1,981,500			1	1	1
New Construction Centre, Chelmsford College	Feb-20	Construction in progress	Complete	Mar-21	Sep-23	Sep-23	30		5	5,000,000	5,000,000			5	2	4
Colchester Grow on Space, Queen Street	Jul-20	LGF project delivered	Complete	Sep-21	Mar-23	Mar-23	18		1	1,295,200	1,295,200			1	1	1
Kent	Feb-21	Construction in progress	Ongoing	Jul-22	Jun-25	Jun-25	36		5	3,777,451	702,040	3,075,411		5	3	4
I3 Innovation Project (formerly referred to as the Kent and Medway Growth Hub)	Nov-15	Project ongoing	Ongoing	Mar-21	Sep-23	Sep-23	30		5	6,000,000	5,643,546	356,454		5	2	4
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	3	2
Sittingbourne Town Centre Regeneration	Nov-15	LGF project delivered	Complete	Sep-16	Mar-21	Mar-21	55		3	2,500,000	2,500,000			5	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			2	3	3
Tunbridge Wells junction improvement package	Jun-15 and Sep-17	LGF project delivered	Complete	Sep-19	Mar-19	Mar-19			3	1,176,611	1,176,611			5	3	4
Kent Thameside LSTF	Mar-15	LGF project delivered	Complete	Mar-21	Sep-22	Sep-22	18		1	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	3	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	14		1	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			1	3	2
Kent Rights of Way improvement plan	Mar-15	LGF project delivered	Complete	Mar-21	Mar-23	Mar-23	24		1	1,000,000	1,000,000			5	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			3	2,727,586	2,727,586			5	3	4
West Kent LSTF	Apr-16	LGF project delivered	Complete	Mar-21	Sep-21	Sep-21	6		3	4,900,000	4,900,000			2	3	3
Folkestone Seafront: onsite infrastructure	Mar-15	LGF project delivered	Complete	Sep-15	Mar-16	Mar-16	6		3	541,145	541,145			5	3	4
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	Dec-24	59	6	5	8,900,000	6,573,420	255	2,326,325	5	3	4
A28 Sturry Link Road	Jun-16	Design in progress	Ongoing	Oct-21	Dec-26	Dec-26	63		5	5,900,000	1,445,982	54,708	4,399,310	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	3	3

Appendix D - Local Growth Fund Delivery and Risk

Project	Deliverability									Financial						
	Accountability Board approval	Delivery Status	Spend status of LGF funding award	Expected completion date (as stated in Business Case)	Expected completion date (May 2023)	Expected completion date (August 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 (£)	Spend Q1 2023/24 (£)	Forecast LGF spend from Q2 2023/24 onwards (£)	Financials RAG rating	Reputational risk RAG	Overall RAG rating
Maidstone Sustainable Access to Employment	Nov-15	LGF project delivered	Complete	Mar-16	Jun-17	Jun-17	15		1	2,000,000	2,000,000			1	1	1
Ashford Spurs	Sep-16 and May-17	LGF project delivered	Complete	Apr-18	Apr-20	Apr-20	24		1	7,886,830	7,886,830			1	1	1
Thanet Parkway	Apr-19	LGF project delivered	Complete	Dec-21	Jul-23	Jul-23	19		1	14,000,000	14,000,000			3	1	2
Dover Western Docks revival	Feb-17	LGF project delivered	Complete	Feb-17	Apr-17	Apr-17	2		3	5,000,000	5,000,000			5	3	4
Folkestone Seafront (non-transport)	Feb-16	LGF project delivered	Complete	Dec-17	Mar-18	Mar-18	3		3	5,000,000	5,000,000			4	3	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	3	3
Coastal Communities Housing Intervention (Thanet)	Feb-16	LGF project delivered	Complete	Mar-21	Mar-21	Mar-21			1	666,666	666,666			1	1	1
Dartford Town Centre Transformation	Apr-18	Construction in progress	Complete	Mar-21	Dec-24	Dec-26	70	24	5	4,300,000	4,300,000			5	3	4
A2500 Lower Road	Sep-17	LGF project delivered	Complete	Dec-19	Mar-19	Mar-19			3	1,264,930	1,264,930			1	3	2
Kent and Medway EDGE hub	Sep-17, Mar-21 and Sep 21	LGF project delivered	Complete	Aug-20	Dec-22	Dec-22	28		1	7,344,000	7,344,000			2	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			5	2	4
Sandwich Rail Infrastructure	Nov-17	LGF project delivered	Complete	Mar-20	Feb-20	Feb-20			1	1,913,170	1,913,170			3	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			5	3	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	3	2
East Malling Advanced Technology Horticultural Zone	Jun-20 and Feb-21	LGF project delivered	Complete	Jul-21	May-22	May-22	10		1	1,998,600	1,998,600			1	1	1
Medway																
A289 Four Elms roundabout to Medway Tunnel	Mar-15	Design in progress	Complete	Dec-20	Mar-25	TBC			5	1,821,046	1,821,046			5	5	5
Strood Town Centre	Mar-15	LGF project delivered	Complete	Jun-18	Mar-22	Mar-22	46		3	8,600,000	8,600,000			4	3	3
Chatham Town Centre	Mar-15	LGF project delivered	Complete	Jul-17	Dec-19	Dec-19	29		3	4,200,000	4,200,000			1	3	2
Medway Cycling Action Plan	Mar-15	LGF project delivered	Complete	Mar-18	Mar-19	Mar-19	12		3	2,500,000	2,500,000			2	3	3
Medway City Estate	Mar-15	LGF project delivered	Complete	Mar-21	Apr-22	Apr-22	13		1	2,200,000	2,200,000			1	1	1
Rochester Airport - phase 1	Jun-16	LGF project delivered	Complete	Mar-18	Nov-21	Nov-21	45		3	4,400,000	4,400,000			1	3	2
Innovation Park Medway (phase 2)	Feb-19	LGF project delivered	Complete	Dec-20	Jun-23	Jul-23	31	1	2	3,700,000	3,700,000			5	4	4
Strood Civic Centre - flood mitigation	Feb-18	LGF project delivered	Complete	Apr-19	Jun-19	Jun-19	2		3	3,500,000	3,500,000			5	3	4
Innovation Park Medway (phase 3)	Jul-20	LGF project delivered	Complete	Dec-21	Jun-23	Jul-23	19	1	2	1,518,500	1,518,500			5	4	4
Southend																
Southend Growth Hub	2015	LGF project delivered	Complete	Dec-16	Mar-17	Mar-17	3		3	720,000	720,000			1	3	2
TGSE LSTF - Southend	Mar-15	LGF project delivered	Complete	Aug-16	Mar-17	Mar-17	7		1	1,000,000	1,000,000			1	1	1
A127 Kent Elms Corner	Jun-16	LGF project delivered	Complete	May-17	May-19	May-19	25		3	4,300,000	4,300,000			2	3	3
A127 The Bell	Nov-18 and Feb-19	Construction in progress	Ongoing	Mar-21	Sep-23	Mar-24	37	6	5	4,300,000	4,214,457	-42,457	128,000	4	2	4
A127 Essential Bridge and Highway Maintenance	Sep-16, Nov-18 and Feb-19 and Feb 2021	LGF project delivered	Complete	Mar-21	Aug-21	Aug-21	5		3	8,000,000	8,000,000			1	3	2
Southend Central Area Action Plan	Jun-16, Sep-17 and Feb-19	LGF project delivered	Complete	Mar-21	Jun-22	Jun-22	15		1	7,000,000	7,000,000			1	1	1
London Southend Airport Business Park	Feb-16, Sep-17, Sep-18 and Sep-21	LGF project delivered	Complete	Mar-21	Jul-23	Jul-23	28		1	23,369,517	23,369,517			1	1	1
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	49		1	1,000,000	1,000,000			1	1	1
Thurrock Cycle Network	Apr-16	LGF project delivered	Complete	Mar-19	Mar-19	Mar-19			3	5,000,000	5,000,000			1	3	2
London Gateway/Stanford le Hope	Feb-17	Design in progress	Complete	Dec-18	TBC	TBC			5	7,500,000	7,500,000			4	5	5
A13 - widening development	Feb-17	LGF project delivered	Complete	Dec-19	Dec-20	Dec-20	12		1	5,000,000	5,000,000			1	1	1
Purfleet Centre	Jun-16	On hold	Complete	Sep-27	Dec-30	TBC			5	5,000,000	5,000,000			4	5	5
Grays South	Feb-19	On hold	Ongoing	Jul-22	TBC				5	10,840,274	5,141,603		5,698,671	5	5	5

Appendix D - Local Growth Fund Delivery and Risk

Project	Deliverability									Financial						
	Accountability Board approval	Delivery Status	Spend status of LGF funding award	Expected completion date (as stated in Business Case)	Expected completion date (May 2023)	Expected completion date (August 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 (£)	Spend Q1 2023/24 (£)	Forecast LGF spend from Q2 2023/24 onwards (£)	Financials RAG rating	Reputational risk RAG	Overall RAG rating
A13 widening	Apr-17, Jul-20 and Mar-21	Construction in progress	Complete	Dec-19	Jun-23	Sep-23	46	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			3	21,974,561	21,974,561			4	4	4
M20 Junction 10a	Feb-17	LGF project delivered	Complete	Sep-20	Dec-19	Dec-19			3	19,700,000	19,700,000			1	3	2
TOTAL										578,935,369	530,740,712	-184,316	48,378,973			

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 11.
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.	A project change request and revised Business Case reflecting the change in project scope has been brought forward for Board consideration at this meeting (Agenda Item 10).
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 has been 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 14.
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 commenced with land owners but progress has been slower than anticipated. An update on the project is provided under Agenda Item 15.
A289 Four Elms roundabout to Medway Tunnel		1.82	100%	LGF funding spent in full progressing design for the scheme. Delivery of the works was to be funded through the HIF funding secured by Medway Council. The HIF funding has been removed from the project by Homes England and to date, no alternative funding has been secured to deliver the project. As a result, it is likely that LGF spend has become an abortive revenue cost which does not meet the grant conditions.	The project remains a priority for Medway Council and efforts are being made to secure alternative funding to enable delivery of the approved LGF Business Case. At this time the Board are asked to agree that the LGF funding can be retained against the project whilst Medway Council investigate alternative funding sources. Regular updates will be provided to the Board on the status of the project.
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	44%	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.	Project currently on hold whilst awaiting the outcome of the project review. It is expected that a full update on the project will be provided at the November 2023 Board meeting.
A13 Widening, Thurrock		76.50	100%	Project programme and costs have differed significantly from position set out in project Business Case.	Project is now nearing completion and work is ongoing to manage project costs. An update on the projected final project cost and lessons learnt through delivery of the project is provided under Appendix 12.

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.

Appendix F - LGF Programme Risks (High Risks only)

Risk	Description	Risk Impact	Risk Probability	Overall Risk	Mitigation
Closure of SELEP	<p>In August 2023, Government confirmed that LEPs will no longer receive core funding after 2023/24, and that there is an expectation that LEP activities will be transitioned into local authorities. This means that the oversight of the LGF programme, including any required engagement with Government, will cease at or close to 31 March 2024.</p> <p>It is important that new arrangements are put in place to ensure that oversight of the LGF programme continues. Without appropriate oversight there is a risk that projects may not be delivered in accordance with approved Business Cases and that required programme wide reporting will not be provided to Government.</p>	4	3	12	<p>Following receipt of advice from Government, discussions are ongoing between SELEP, Essex County Council (as Accountable Body for SELEP) and all six Upper Tier Local Authority partners to determine how the management of the capital programme should be taken forward post SELEP.</p> <p>Any required decisions on the ongoing management of the LGF programme will be presented at future Board meetings.</p>
Supply Chain Risk	Private sector companies within the supply chain may be vulnerable to the current economic situation. If companies go into financial difficulty or liquidation, this will impact project delivery timescales and costs.	4	3	12	SELEP encourages local authorities to complete additional financial checks for contractors and sub-contractors prior to entering into any new contracts and reviewing the financial position as part of the contract management for existing contracts.
LGF spend beyond the Growth Deal period	Based on the LGF spend figures reported at the end of 2020/21, LGF totalling £106.351m will be spent beyond the original Growth Deal deadline of 31 March 2021.	3	4	12	<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 post scheme completion Monitoring and Evaluation reports

Project	Area	1 Year Post Completion	3/5 Year Post Completion
Swallow Business Park	East Sussex	Received	Outstanding
Coastal Communities Housing Intervention	East Sussex	Outstanding	Not due
Devonshire Park	East Sussex	Outstanding	Outstanding
Colchester Broadband Infrastructure	Essex	Received	Outstanding
Colchester Integrated Transport Package	Essex	Outstanding	Not due
Coastal Communities Housing Intervention	Essex	Outstanding	Outstanding
Innovation Centre - University of Essex Knowledge Gateway	Essex	Received	Outstanding
STEM Innovation Centre, Colchester	Essex	Outstanding	Not due
Basildon Digital Technologies Campus	Essex	Outstanding	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
Tunbridge Wells Junction Improvement Package	Kent	Outstanding	Outstanding
Maidstone Gyratory Bypass	Kent	Received	Outstanding
Middle Deal Transport Improvements	Kent	Outstanding	Not due
Kent Sustainable Interventions Programme	Kent	Outstanding	Not due
West Kent LSTF	Kent	Outstanding	Not due
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	Outstanding
A2500 Lower Road	Kent	Outstanding	Outstanding

Project	Area	1 Year Post Completion	3/5 Year Post Completion
Kent and Medway Medical School	Kent	Outstanding	Not due
Strood Town Centre journey time and accessibility improvements	Medway	Outstanding	Not due
Chatham Town Centre Placemaking	Medway	Outstanding	Outstanding
Medway Cycling Action Plan	Medway	Received	Outstanding
Rochester Airport - Phase 1	Medway	Outstanding	Not due
Strood Civic Centre – flood mitigation	Medway	Outstanding	Outstanding
Southend Growth Hub	Southend	Received	Outstanding
A127 Kent Elms Corner	Southend	Received	Outstanding
Thurrock Cycle Network	Thurrock	Received	Outstanding
M20 Junction 10a	Central	Outstanding	Not due

Forward plan reference number: FP/AB/665

Report title: Hastings and Bexhill Movement and Access Package LGF project change request	
Report to: Accountability Board	
Report author: Helen Dyer, SELEP Capital Programme Manager	
Meeting date: 22 September 2023	For: Decision
Enquiries to: helen.dyer@southeastlep.com	
SELEP Partner Authority affected: East Sussex County Council	

1. Purpose of report

- 1.1. The purpose of this report is for the Accountability Board (the Board) to receive an update on the Hastings and Bexhill Movement and Access Package Local Growth Fund (LGF) project (the Project) and to consider a request to change the scope of the Project. In addition, the Board are asked to consider the updated completion date for the Project set out within the report.

2. Recommendations

- 2.1. The Board is asked to:
 - 2.1.1. **Agree** that the proposed change of scope for the Hastings and Bexhill Movement and Access Package can be implemented. Noting that the Independent Technical Evaluator has assessed the Project as offering High value for money with Medium certainty of achieving this.
 - 2.1.2. **Agree** the updated completion date of March 2026 (delayed from Summer 2025) for the Hastings and Bexhill Movement and Access Package.
 - 2.1.3. **Agree** that a review will be undertaken to determine if there is a compelling case for East Sussex County Council to retain LGF of up to £630,488 against the Project to inform a decision at the November 2023 Board meeting.

3. Background

- 3.1. The Project is an integrated package of cycling, walking and bus infrastructure, traffic management and public realm improvements aimed at supporting economic growth and planned growth across Hastings and Bexhill. The Project was awarded a total of £9.0m LGF funding by the Board in February 2018.
- 3.2. The Project seeks to increase the extent of the cycle network supporting greater connectivity between key destinations and the growing appetite for cycling for everyday journeys; provide wayfinding measures along with enhanced and additional pedestrian crossing facilities to support and encourage walkers; and deliver improvements to junction capacity to reduce local congestion.

- 3.3. Measures to enhance the attractiveness of the two town's public realm will be delivered, which will encourage inward investment, alongside supporting and encouraging more people to walk, by creating safer access and permeability. This will be integrated alongside delivering high quality public transport infrastructure and information on key corridors of movement, supporting greater accessibility and journey comfort.
- 3.4. The Project will kick start a much wider programme of change in movement and access across the two towns and will set the precedence for future transport infrastructure improvements. This is crucial as both Hastings and Bexhill move towards embracing greater sustainable development and the growing opportunities to maximise the use of technology and communication to enable 'smart mobility.'
- 3.5. In February 2018, the Board were advised that the Project would deliver the following outputs:
 - 3.5.1. New and improved cycling and walking infrastructure, including cycle routes, pedestrian crossings and cycle parking at rail stations across both towns.
 - 3.5.2. Improved public transport infrastructure, including Bus Stop Clearways/High Access Kerbs (bus stop poles)/Bus Shelters and the provision of Real Time Passenger Information on key corridors of movement.
 - 3.5.3. Improvements to traffic management at key junctions on the road network within Bexhill and Hastings; and
 - 3.5.4. Improvement to the public realm in Bexhill – London Road and Hastings Town Centre.
- 3.6. The overarching objective of the Project is to implement the planned transport measures in Hastings and Bexhill, in order to release the opportunity for, and contribute to, local economic growth by enabling efficient connections to neighbouring settlements. The Project will also support sustainable access to key local services including employment, education, health services, shopping and recreational facilities in these areas, alongside supporting the tourist economy.
- 3.7. The Project will support a reduction in car journeys in the two towns by providing smarter and sustainable choices (e.g. through improved walking and cycling infrastructure) and improving technology to encourage greater use of sustainable transport (e.g. through electronic signage, to reduce vehicle dwell times and greater access to information, increasing bus patronage through the provision of Real Time Passenger Information (RTPI), and the use of data to inform smart ticketing).

4. Delivery to date

- 4.1. To date, £5.302m of the £9.0m LGF allocation to the Project has been spent in accordance with the agreed Business Case.
- 4.2. Delivery of the Project commenced in 2018/19 and East Sussex County Council have confirmed that a number of elements of the wider project have now been completed, including:

Walking and Cycling infrastructure

- 4.2.1. Collington Avenue, Bexhill pedestrian crossing
- 4.2.2. Pedestrian crossing near The Ridge, Hastings (in the vicinity of the cemetery)
- 4.2.3. Pedestrian crossing near Sandown Primary School, Hastings

Public Transport Infrastructure

- 4.2.4. Real time passenger information at bus stops across Hastings and Bexhill
- 4.2.5. Bus stop accessibility improvements – bus stop clearways, high access kerbs and bus shelters
- 4.2.6. The Ridge, Hastings bus stop improvements

Traffic Management improvements

- 4.2.7. Pedestrian crossing on the Hastings Battle Road (near Old Harrow Road), Hastings
- 4.2.8. Introduction of traffic signals at the junction of Cooden Drive and Westcourt Drive, Bexhill

Public Realm improvements

- 4.2.9. Wayfinding signs in Hastings
 - 4.2.10. London Road corridor improvement scheme (Sackville Road and Beeching Road junction improvements), Bexhill
- 4.3. In addition, East Sussex County Council have indicated that a number of other potential interventions (including a cycle route through Alexandra Park, Hastings) have been investigated and discounted for a variety of reasons, including objections from key stakeholders and deliverability concerns. Further details on these schemes and the rationale for not delivering them is set out in the [revised project Business Case](#).

5. Proposed change to Project scope

- 5.1. In April 2023, the Board were advised that one planned element of the Project was a cycle route through Alexandra Park in Hastings. Alexandra Park is a grade 2 listed park as designated by Historic England and it was noted that the introduction of the cycle route had received some opposition. The proposed cycle route was ultimately considered by Hastings Borough Council in December 2022 and the decision was taken to refuse the introduction of the cycle route. As a result of this decision, East Sussex County Council undertook a review to establish how the LGF funding originally allocated to the Alexandra Park cycle route should be used.
- 5.2. In addition, at the June 2023 meeting, the Board were advised that East Sussex County Council had reported cost increases across the Project, with recent cost estimates significantly exceeding the allocated budget. East Sussex County Council have indicated

that these cost increases stem from the impact on construction costs of the war in Ukraine. It was also noted that these cost increases have become more of a factor due to the delays in progressing the Project caused by the COVID-19 pandemic. As a result of these cost increases, the ongoing review of the Project also considered which of the remaining elements of the Project should be prioritised for delivery through the LGF project.

- 5.3. The review of the Project has now been completed and East Sussex County Council have submitted a revised Business Case and a Change Request covering the proposed changes to the project scope, budget, programme and benefits.
- 5.4. Following the award of LGF funding to the Project, all proposed interventions were subject to further stakeholder consultation and review. This exercise, in conjunction with consideration of the original economic appraisal, resulted in the interventions being divided into three categories:
 - 5.4.1. Discounted schemes (13 interventions) – schemes which did not receive stakeholder support, faced deliverability challenges or did not offer Value for Money were removed from the Project (as referenced at Section 4.3 of this report)
 - 5.4.2. Phase 1 schemes (11 interventions) – schemes which were constructed or scheduled for construction. These schemes were constructed between 2018/19 and 2022/23, with one scheme due to be constructed in 2023/24
 - 5.4.3. Phase 2 schemes (5 interventions) – schemes which were deferred and which were subject to reassessment to consider any demand, design and cost changes since the original 2017 appraisal.
- 5.5. The following five interventions were classified as Phase 2 schemes:
 - 5.5.1. Hastings Western Pedestrian and Cycle Route (Walking and Cycling infrastructure).
 - 5.5.2. East and North Bexhill Cycle Routes (Walking and Cycling Infrastructure). During the initial reassessment process, this cycle route was split into two shorter cycle routes – Bexhill Cycle Route A and Bexhill Cycle Route B.
 - 5.5.3. Gateway from town centre and seafront, Hastings (Public Realm improvements). During the initial reassessment process, this intervention was reduced in scope to cover only the Albert Road/Denmark Place junction.
 - 5.5.4. Gateway Transport Hub to town centre, Hastings (Public Realm improvements). During the initial reassessment process, this intervention was reduced in scope to cover only the Station Approach/Cornwallis Terrace/Devonshire Road/Havelock Road junction.
 - 5.5.5. London Road Corridor Improvement Scheme (Buckhurst Place), Bexhill (Public Realm improvements).
- 5.6. A further review of the Phase 2 schemes has recently been undertaken, with each intervention being subject to an updated economic appraisal and stakeholder consultation. The outcome of this review, coupled with consideration of identified budgetary constraints,

Hastings and Bexhill Movement and Access Package LGF project change request

was used to inform the Change Request which has been submitted for Board consideration at this meeting.

- 5.7. The Change Request proposes that the remaining funding is used to deliver the following three priority schemes:
 - 5.7.1. Gateway from town centre and seafront, Hastings (Public Realm improvements) - Albert Road/Denmark Place junction.
 - 5.7.2. Gateway Transport Hub to town centre, Hastings (Public Realm improvements) - Station Approach/Cornwallis Terrace/Devonshire Road/Havelock Road junction.
 - 5.7.3. East and North Bexhill Cycle Routes (Walking and Cycling Infrastructure) - Bexhill Cycle Route A.
- 5.8. These three interventions have been identified as being affordable, deliverable and able to offer High value for money.
- 5.9. Delivery of the three prioritised interventions, in conjunction with the Phase 1 schemes which have already been delivered, will ensure that improvements are still being delivered across all four areas of the Project - Walking and Cycling infrastructure, Public Transport Infrastructure, Traffic Management improvements and Public Realm improvements. As a consequence, it is expected that the primary areas of benefit will remain as outlined in the original Business Case, and will include:
 - 5.9.1. Increased levels of walking and cycling
 - 5.9.2. Increased levels of bus patronage
 - 5.9.3. Improved bus punctuality
 - 5.9.4. Improvements to road safety and
 - 5.9.5. Improvements to congestion at key junctions
- 5.10. East Sussex County Council do note that, as fewer interventions are now being delivered, the length of newly resurfaced roads and new cycle ways will be reduced compared to that set out in the original Business Case.
- 5.11. In addition to the transport benefits outlined above, the revised Business Case indicates that delivery of the Project to date has indirectly supported the delivery of the jobs, homes and proposed employment floor space set out in the Rother and Hastings Local Plans. It is reported that to date the Project has helped to realise 588 jobs (538 in Bexhill and 50 in Hastings), alongside 17,665sqm of employment floor space (16,164sqm in Bexhill and 1,501sqm in Hastings) and 1,442 homes (863 in Bexhill and 579 in Hastings). These figures are significantly reduced from the forecasts set out in the original Business Case (1,140 jobs, 34,240sqm of employment floor space and 2,079 homes). Whilst it is expected that delivery of the remaining three interventions will continue to indirectly support the delivery of these outcomes, the reduced figures are perhaps to be expected given the economic challenges faced by the entire county since the original Business Case was prepared.

- 5.12. The revised Business Case indicates that the total forecast project cost is £9.992m, which includes an allowance for risk and contingency for the three prioritised interventions. The Business Case also indicates that consideration has been given to sunk costs and how these should be treated. This is particularly the case for the Alexandra Park cycle route scheme, which is no longer being taken forward in any form, and East Sussex County Council have therefore indicated that all costs related to this intervention have been excluded from the Business Case. In addition, all LGF spend against the Alexandra Park cycle route intervention has been returned to the Project by East Sussex County Council for investment in alternative schemes.
- 5.13. East Sussex County Council has indicated that spend totalling £630,488 has been applied to elements of the Project which will no longer be coming forward to delivery. As the Board are aware, the grant conditions state that the LGF funding can only be used to fund capital expenditure and therefore there was a requirement for East Sussex County Council to consider whether this spend could continue to be capitalised or if it now fell outside the LGF grant conditions.
- 5.14. Consequently, a review of this expenditure has been undertaken by East Sussex County Council which concluded that as the work undertaken relates to improvements to the existing asset network, the expenditure can continue to be capitalised under Chartered Institute of Public Finance and Accountancy (CIPFA) guidance.
- 5.15. It is important that Essex County Council (as Accountable Body for SELEP) is also satisfied that this expenditure can continue to be capitalised in accordance with the grant conditions and therefore there is a need for a review of the expenditure to be undertaken by the Accountable Body in advance of the next Board meeting. This review will establish whether the spend can be retained against the Project and will confirm if there is compelling justification for this approach to be taken. The outcome of this review will be presented at the November 2023 Board meeting. The Board are asked to agree the adoption of this approach at this meeting. Should it not be possible for East Sussex County Council to demonstrate to the satisfaction of the Accountable Body that there is compelling justification for this spend to be retained against the Project, the Board may be asked to consider (at the next meeting) whether the funding (£630,488) should be removed from the Project.
- 5.16. The revised funding package for the Project is set out in Table 1 below.

Table 1: Revised funding package

Funding Source	Amount (£m)
LGF	9.000
East Sussex County Council	0.051
Development contributions held	0.131
Development contributions available	0.541
East Sussex County Council Local Transport Capital Programme	0.269
Total	9.992

- 5.17. It is noted in the Business Case that, at the current time, development contributions totalling only £0.131m are held/have been invested in the Project by East Sussex County Council. It

is intended that the remaining £0.541m required will be sought from available development contributions during 2023/24, subject to the Board approving the proposed change to the Project at this meeting. The Business Case identifies the potentially available development contributions which will be sought to support delivery of the remaining interventions; however, further work is required to formally secure this funding. Whilst this does present a risk to the funding package, East Sussex County Council have indicated that any cost overruns will be met from their Local Transport Capital Programme which does provide some assurance regarding project delivery.

- 5.18. As referenced at Section 4.1 of this report, £5.302m of the £9m LGF allocation has been spent to date with East Sussex County Council forecasting spend of the remaining £3.698m between 2023/24 and 2025/26 as set out in Table 2 below.

Table 2: LGF spend profile (£m)

Spend to date	2023/24	2024/25	2025/26	Total
5.524	0.506	2.478	0.492	9.000

- 5.19. The Board have previously agreed an extension to the completion date for the Project to Summer 2025. However, the Change Request submitted by East Sussex County Council indicates that all work on the Project was placed on hold whilst the review detailed in this report was undertaken and whilst awaiting the outcome of the Board's consideration of the revised Business Case. Consequently, East Sussex County Council have requested a further extension to the completion date to March 2026 as part of their Change Request. This request is supported by the indicative delivery programmes provided for each of the remaining three interventions, as set out in Table 3 below.

Table 3: Indicative delivery programme

Intervention	Detailed design/ design review	Construction
Gateway from town centre and seafront, Hastings (Public Realm improvements) - Albert Road/Denmark Place junction.	January to March 2024	April to December 2024
Gateway Transport Hub to town centre, Hastings (Public Realm improvements). During the initial reassessment process, this intervention was reduced in scope to cover only the Station Approach/Cornwallis Terrace/Devonshire Road/Havelock Road junction.	January to March 2024	April 2024 to March 2025
East and North Bexhill Cycle Routes (Walking and Cycling Infrastructure) - Bexhill Cycle Route A.	January to December 2024	January 2025 to March 2026

- 5.20. The extension to the Project completion date is an intrinsic element of the Change Request and therefore, if the Board are not minded to approve both the change in project scope and the extension to the Project completion date, the ongoing status of the Project within the LGF programme will need to be considered at the November 2023 Board meeting.

6. Risks

- 6.1. As part of the revised Business Case, East Sussex County Council have provided an updated risk register, including identified mitigation measures. The four most significant risks (based on the scoring applied in the risk register) are outlined below.
- 6.2. Detailed design costs far exceed the current estimated costs – there is a risk that, should detailed design costs exceed the current estimated costs, the scale of the Project will need to be further reduced. East Sussex County Council have indicated that the estimated costs used to inform the Business Case are as accurate as possible given that the remaining elements of the Project are currently at feasibility stage and have stated that the costs are based on similar schemes which have been delivered by East Sussex Highways.
- 6.3. East Sussex County Council have also indicated that the Project has been designed with flexibility in mind to allow changes to scale depending upon affordability and that key stakeholders have been informed of this risk.
- 6.4. It should be noted that, should this risk materialise, there will be a requirement for a further review of the Project to be undertaken. Based on the indicative programmes provided for the detailed design of the remaining interventions (Table 3), it is highly likely that this risk will not be realised prior to the closure of SELEP in March 2024. Therefore, it is important that an alternative mechanism for overseeing delivery and the effective management of any subsequent changes to the Project is established at the earliest opportunity.
- 6.5. Lack of resources available to design and deliver the programme – there is a risk that delivery of the Project will be delayed if there are insufficient resources available to design and construct the remaining interventions. To mitigate this risk, East Sussex County Council have involved the contractor in the scheme development process with a view to ensuring that an appropriate level of skilled staff are available at all stages of scheme development and construction.
- 6.6. Identified environmental impacts – there is a risk that the identification of any environmental impacts will delay the delivery of the remaining interventions. East Sussex County Council have indicated that identification of any potential environmental impacts will be an integral part of the design process, thereby ensuring that any potential challenges are identified at the earliest opportunity reducing the risk of delays to delivery of the remaining improvements.
- 6.7. Planning permission may be required – there is a risk that the delivery programme will be adversely impacted should planning consent be required for any of the remaining interventions. East Sussex County Council have indicated that consideration of planning requirements will form an integral part of the design process, ensuring that any requirements are identified at an early stage reducing the risk of delays to the construction programme.
- 6.8. East Sussex County Council officers will actively monitor the identified risks and will update the risk register as appropriate as the development and delivery of the remaining interventions progresses.

7. Outcome of Independent Technical Evaluator review

- 7.1. The Independent Technical Evaluator (ITE) has undertaken a review of the revised Business Case submitted by East Sussex County Council and the outcome of their review is set out below.
- 7.2. The ITE concluded that the Strategic Case for the Project exhibits strong alignment with SELEP's strategic priorities. The Project aims to encourage modal shift to active modes and public transport, unlock economic growth and new development in the Hastings and Bexhill area (supporting the respective Local Plans), improve health and wellbeing by encouraging physical activity and connecting key services, integrate with related key infrastructure projects such as those being delivered by the Hastings Town Deal, support the growing cultural sector in the area and reduce traffic congestion.
- 7.3. The ITE considers it likely that the need for intervention has become stronger since 2017 (when the original Business Case was prepared and reviewed) due to the increasing urgency of decarbonisation, increased investment in the area and the potential for future growth and investment (e.g. the possibility of bringing HS1 rail services to Hastings and/or Bexhill).
- 7.4. The Business Case demonstrates that the overall package (and its constituent schemes) has undergone economic appraisal and an overall Benefit Cost Ratio (BCR) of 2.89:1 was calculated, which represents High value for money. According to the Business Case, the calculated BCR of 2.89:1 represents a low-end estimate that assumes only 50% of the expected benefits from the implementation of RTP1 on public transport are realised.
- 7.5. The ITE has noted that the benefits of the Project largely emanate from improvements in journey quality/ambiance and health benefits arising from increased physical activity and has concluded that the appraisal was carried out appropriately and in a robust manner with relatively minor points of clarification and correction outstanding. In addition to the economic appraisal, a qualitative justification for the Project was provided within the Business Case.
- 7.6. The ITE has indicated that moderate uncertainties are still present in the Business Case, including there being limited information on the original generation of alternative options for the Project, a possible need to consider additional interdependent schemes (i.e. Hastings Public Realm and Green Connections), potentially outdated baseline cycle demand and a lack of clearly defined inflation assumptions. There are also intrinsic risks in the Project in terms of avoiding further cost escalation.
- 7.7. These risks and uncertainties have resulted in the Project being assessed as offering High value for money with a Medium certainty of achieving this. This is despite a reasonably strong strategic rationale, robust monetised economic appraisal and demonstrable experience of successfully delivering similar schemes.

8. Project compliance with the SELEP Assurance Framework

- 8.1. Table 4 considers the assessment of the Business Case against the requirements of the SELEP Assurance Framework. This assessment demonstrates that the Project broadly complies with the requirements of the SELEP Assurance Framework.

Table 4: Assessment of the Project against the requirements of the SELEP Assurance Framework

Requirement of the Assurance Framework to approve the Project	Compliance (RAG Rating)	Evidence in the Business Case
A clear rationale for the interventions linked with the strategic objectives identified in the SELEP Economic Recovery and Renewal Strategy	Green	A compelling strategic case has been developed, presenting a case for investment which is well aligned with current local, regional and national policy objectives.
Clearly defined outputs and anticipated outcomes, with clear additionality, ensuring that factors such as displacement and deadweight have been taken into account	Green/Amber	The Business Case sets out the expected outputs and gives an overview of the expected outcomes of the Project, although this is mostly qualitative. The ITE has confirmed that in their view the economic appraisal was carried out appropriately.
Considers deliverability and risks appropriately, along with appropriate mitigating action (the costs of which must be clearly understood)	Green	An updated risk register has been provided which outlines key risks which may impact on the development and delivery of the remaining interventions. Mitigation measures have been identified for all stated risks.
A Benefit Cost Ratio of at least 2:1 or comply with one of the two Value for Money exemptions	Green	The Project is expected to deliver improvements to journey quality and benefits related to accessibility and health. The Business Case indicates an overall Benefit Cost Ratio (BCR) of 3.49:1. Sensitivity testing has been undertaken and this demonstrates that the Project continues to offer High value for money (BCR 2.89:1) if benefits related to the provision of RTP1 are 50% less than forecast.

9. Recommendations made to the Board

9.1. The following recommendations have been set out in this report for Board consideration:

9.1.1. **Agree** that the proposed change of scope for the Hastings and Bexhill Movement and Access Package can be implemented. Noting that the Independent Technical Evaluator has assessed the Project as offering High value for money with Medium certainty of achieving this.

9.1.2. **Agree** the updated completion date of March 2026 (delayed from Summer 2025) for the Hastings and Bexhill Movement and Access Package.

- 9.2. If delivery of the Project is to progress as outlined in the revised Business Case, the Board will need to support both recommendations set out above.
- 9.3. The above recommendations have been proposed following consideration of the rationale for submission of the Change Request, the content of the revised Business Case and the outcome of the ITE review.
- 9.4. As outlined in Section 5.2 of this report, the primary driver for the submission of the Change Request was increasing costs, with recent cost estimates significantly exceeding the allocated budget. These costs increases have primarily been attributed to the impact on construction costs of the war in Ukraine but the impact of the COVID-19 pandemic has also been referenced.
- 9.5. As the Board are aware, similar cost increases have been reported by numerous projects across both the LGF and Getting Building Fund (GBF) programmes and additional funding has been awarded to both LGF and GBF projects to help bridge the resultant funding gaps. With this information in mind, the rationale for submitting the Change Request appears reasonable.
- 9.6. The proposed revised scope for the Project outlined within the revised Business Case remains in line with that approved by the Board in February 2018. The Project will continue to deliver interventions within each of the four main areas identified in the original Business Case: Walking and Cycling infrastructure, Public Transport Infrastructure, Traffic Management improvements and Public Realm improvements. Consequently, the expected project benefits remain broadly in line with those set out in the original Business Case. It should be noted that the transport benefits referenced in the revised Business Case are primarily qualitative, as was the case with the original Business Case, however, it has been noted by East Sussex County Council that, as a result of the change in project scope, the length of newly resurfaced roads and new cycle ways will be reduced compared to that set out in the original Business Case.
- 9.7. The Project will continue to indirectly support the realisation of jobs, homes and employment workspace outcomes as set out in the Rother and Hastings Local Plans. As has been referenced above, the realisation of these benefits to date has been lower than anticipated but this is likely to be primarily as a result of other economic challenges faced by the entire country since the original Business Case was produced.
- 9.8. The Strategic Case for the Project remains strong, with a focus on achieving modal shift away from the car to more sustainable modes of travel. This continues to be a national priority and the revised Business Case demonstrates that new National, Regional and Local policies focusing on achieving net zero and decarbonisation have been published since the preparation of the original Business Case.
- 9.9. Finally, the ITE has concluded that the Project continues to offer High value for money with Medium certainty of achieving this. The Business Case demonstrates that High value for money is still achieved, even if lower than expected benefits are achieved.
- 9.10. A further recommendation is also set out in the report:

9.10.1. **Agree** that a review will be undertaken to determine if there is a compelling case for East Sussex County Council to retain LGF of up to £630,488 against the Project to inform a decision at the November 2023 Board meeting.

9.11. As set out in Sections 5.13 to 5.15 of this report, East Sussex County Council have considered this expenditure and are satisfied that, despite the spend being on interventions which are not being brought forward to delivery, the spend can continue to be capitalised under CIPFA guidance. It is important that Essex County Council (as Accountable Body for SELEP) is also satisfied that this expenditure can continue to be capitalised in accordance with the grant conditions and therefore there is a need for a review of the expenditure to be undertaken by the Accountable Body in advance of the next Board meeting.

9.12. The outcome of the review will be presented to the Board in November 2023. If it is concluded that there is not a compelling case for East Sussex County Council to retain LGF of up to £630,488 against the Project, the Board may be asked to consider the removal of this element of the funding from the Project at the next meeting.

10. Next steps

10.1. If the Board choose to agree the recommendations set out in this report, East Sussex County Council will resume work on the three prioritised interventions and will take the necessary steps to secure the identified development contributions to support delivery.

10.2. Delivery of the Project will continue to be monitored by the SELEP Capital Programme Team and updates will be provided to the Board as appropriate. Given the planned dissolution of SELEP in March 2024 and the transfer of activities to Upper Tier Local Authorities, a key activity over the coming months will be to determine how best to ensure the effective ongoing management of the SELEP Capital Programme, which will include ongoing oversight of the Project.

10.3. If the Board are minded to not agree the recommendations set out in this report, a further update will be provided to the Board at the November 2023 meeting. This update will consider the ongoing status of the Project within the LGF programme and will ask the Board to consider whether there is compelling justification to not seek clawback of the LGF funding spent to date.

11. Financial Implications (Accountable Body comments)

11.1. The Project was awarded a total of £9.0m LGF funding by the Board in February 2018. £5.302m of the £9.0m LGF allocation has been spent to date. Based on the proposed Project Change Request, East Sussex County Council (ESCC) are forecasting to spend the remaining £3.698m between 2023/24 and 2025/26, with a requested end date of March 2026.

11.2. The Independent Technical Evaluator (ITE) has undertaken a review of the revised Business Case and concluded that it offers High value for money with a Medium certainty of achieving this due to moderate risk, primarily with respect to future cost uncertainty. 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 Summer 2025; however, there is reputational risk to SELEP and potential risk to future funding streams where defrayal of

funding and delivery cannot be demonstrated or is delayed – Government review this as part of the Annual Performance Review of LEPs.

- 11.3. The funding for this Project has been transferred to ESCC 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 sets out the circumstances under which funding may have to be repaid should it not be utilised in line with the conditions of the agreement or in accordance with the decisions of the Board. The SLA also sets out that it is the responsibility of ESCC to secure any additional funding to address any cost increases associated with the Project.
- 11.4. It is noted that alongside the cost risks identified by the ITE for this Project, the development contributions of £0.541m will be sought from available contributions during 2023/24, subject to the Board approving the proposed change to the Project at this meeting; should ESCC be unsuccessful in securing this funding for this Project, under the terms of the SLA, it will be responsible for securing alternative funding to address this.
- 11.5. ESCC have advised that they wish to retain £630,488 of historic LGF spending that has been applied on delivery of the original project for which the full completion and realisation of benefits are not now expected to be realised; the SELEP Assurance Framework makes allowance for retention of such monies where:
 - 11.5.1. the conditions of the grant continue to be met;
 - 11.5.2. the spend is in accordance with the SLA; and
 - 11.5.3. there is a compelling case to do so.
- 11.6. Essex County Council (as 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 and will work with SELEP and ESCC to assure compliance of the use of the Grant in line with the requirements of the Grant Conditions and the SLA. In addition, any recommendation will need to present a compelling case to the Board to retain the LGF.
- 11.7. Should any of the funding not meet the criteria for capitalisation or be outside of any of the conditions of the SLA, a recommendation will be brought to the next meeting of the Board to require ESCC to repay the LGF to Essex County Council, as the Accountable Body for SELEP.

12. Legal Implications (Accountable Body comments)

- 12.1. If the Change of scope for the project is not agreed by the Board and the project remains undeliverable, the provisions set out within the SLA will be activated, and Essex County Council, as the Accountable Body, will expect East Sussex County Council to repay funding as required due to the conditions of the SLA no longer being met.

13. Equality and Diversity Implications

- 13.1. 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:

Hastings and Bexhill Movement and Access Package LGF project change request

- 13.1.1. Eliminate unlawful discrimination, harassment and victimisation and other behaviour prohibited by the Act.
 - 13.1.2. Advance equality of opportunity between people who share a protected characteristic and those who do not.
 - 13.1.3. Foster good relations between people who share a protected characteristic and those who do not including tackling prejudice and promoting understanding.
- 13.2. The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation.
- 13.3. 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.

14. List of Appendices

- 14.1. Appendix A – Report of the Independent Technical Evaluator

15. List of Background Papers

- 15.1. [Original Project Business Case](#)
- 15.2. [Project change request](#)
- 15.3. [Revised Business Case](#)

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

Role	Date
Accountable Body sign off Michael Neumann (on behalf of Nicole Wood, S151 Officer, Essex County Council)	14/09/2023

Independent Technical Evaluator – Business Case Assessment – Q1 2023/24

Independent Technical Evaluator – Business Case Assessment – Q1 2023/24

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1 Independent Technical Evaluation of Local Growth Fund Schemes

Overview

- 1.1 Steer was reappointed as the South East Local Enterprise Partnership’s Independent Technical Evaluator in April 2023. It is a requirement of Central Government that every Local Enterprise Partnership subjects its business cases and investment decisions to independent scrutiny.
- 1.2 Recommendations will be made for funding approval by the Accountability Board in line with the South East Local Enterprise Partnership’s own governance.

Method

- 1.3 The review provides commentary on the business cases submitted by scheme promoters, and feedback on the strength of business case, the value for money likely to be delivered by the scheme (as set out in the business case) and the certainty of securing that value for money.
- 1.4 Our role as Independent Technical Evaluator is not to purely assess adherence to guidance, nor to make ‘go’ / ‘no go’ decisions on funding, but to provide evidence to the South East Local Enterprise Partnership Board to make such decisions based on expert, independent and transparent advice. Approval will, in part, depend on the appetite of the Board to approve funding for schemes where value for money is not assessed as being high (i.e. where a benefit to cost ratio is below two to one and / or where information and / or analysis is incomplete).
- 1.5 The assessments are based on adherence of scheme business cases to Her Majesty’s Treasury’s *Green Book: Central Government Guidance on Appraisal and Evaluation*¹, and related departmental guidance such as the Department for Transport’s TAG (Transport Analysis Guidance, formerly WebTAG) or the DLUHC Appraisal Guide. All of these provide proportionate methodologies for scheme appraisal (i.e. business case development).
- 1.6 Pro forma have been developed based on the criteria of *The Green Book*, a ‘checklist for appraisal assessment from Her Majesty’s Treasury, DfT’s TAG, DLUHC’s Appraisal Guide, and other departmental guidance.

¹ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/685903/The_Green_Book.pdf

- 1.7 Individual criteria are assessed and given a ‘RAG’ (Red – Amber – Green) rating, with a summary rating for each dimension. The consistent and common understanding of the ratings are as follows:
- **Green:** approach or assumption(s) in line with guidance and practice or the impact of any departures is sufficiently insignificant to the Value for Money category assessment.
 - **Amber:** approach or assumption(s) out of line with guidance and practice, with limited significance to the Value for Money category assessment but should be amended in future submissions (e.g. at Final Approval stage).
 - **Red:** approach or assumption(s) out of line with guidance and practice, with material or unknown significance to the Value for Money category assessment, requires amendment or further evidence in support before gateway can be passed.
- 1.8 The five dimensions of a government business case are:
- **Strategic Dimension:** demonstration of strategic fit to national, Local Enterprise Partnership and local policy, predicated upon a robust and evidence-based case for change, with a clear definition of outcomes and objectives.
 - **Economic Dimension:** demonstration that the scheme optimises public value to the UK economy as a whole, through a consideration of options, subject to cost-benefit analysis quantifying in monetary terms as many of the costs and benefits as possible of short-listed options against a counterfactual, and a preferred option subject to sensitivity testing and consideration of risk analysis, including optimism bias.
 - **Commercial Dimension:** demonstration of how the preferred option will result in a viable procurement and well-structured deal, including contractual terms and risk transfer.
 - **Financial Dimension:** demonstration of how the preferred option will be fundable and affordable in both capital and revenue terms, and how the deal will impact on the balance sheet, income and expenditure account, and pricing of the public sector organisation. Any requirement for external funding, including from a local authority, must be supported by clear evidence of support for the scheme together with any funding gaps.
 - **Management Dimension:** demonstration that the preferred option is capable of being delivered successfully in accordance with recognised best practice and contains strong project and programme management methodologies – this includes the need for a Monitoring and Evaluation Plan and Benefits Realisation Plan.
- 1.9 In addition to a rating across each of the five dimensions, comments are provided against Central Government guidance on assurance – **reasonableness** of the analysis, risk of error (or **robustness** of the analysis), and **uncertainty**. Proportionality is applied across all three areas.
- 1.10 Assessments are conducted by a team of transport and economic planning professionals, and feedback and support are given to scheme promoters throughout the process via workshops, meetings, telephone calls and emails.

Local Growth Fund

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

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

High value for money, Medium certainty

1.13 The following scheme is estimated to represent **High value for money** with a **Medium certainty** of achieving this level of value for money. This is based on a Gate 2 review of an updated business case, with the original business case and Gate 1 review dating to late 2017.

Hastings and Bexhill Movement and Access Package (£9m)

1.14 The scheme comprises several packages of walking and cycling infrastructure, public transport improvements, traffic management measures and public realm improvements. Since 2017, thirteen of the originally included schemes have been discounted, ten have been constructed, one is to be constructed in 2023/24 and three form part of 'Phase 2' from 2023/24. Out-turn costs from 2023/24 onwards are estimated at £4,571,254. The three Phase 2 schemes are:

- WC4a: Bexhill Cycle Route A
- PR1: Hastings – Gateway from Town Centre and Seafront (Albert Road)
- PR2: Hastings – Gateway Transport Hub to Town Centre (Station Approach)

1.15 The strategic case exhibits strong alignment with SELEP's strategic priorities. The scheme aims to encourage modal shift to active modes and public transport, unlock economic growth and new development in the Hastings and Bexhill area (supporting the respective Local Plans to this end), improve health and wellbeing by encouraging physical activity and connecting key services, integrate with related key infrastructure projects such as those being delivered by the Hastings Town Deal, support the growing cultural sector in the area and reduce traffic congestion.

1.16 The wide-ranging nature of the scheme means it should have an impact on most or all of the priorities identified in the Strategic Economic Plan. Furthermore, it is likely that the need for intervention has become stronger since 2017 due to the increasing urgency of decarbonisation, increased investment in the area and the potential for future growth and investment (e.g. the possibility of bringing HS1 rail services to Hastings and/or Bexhill).

1.17 Value for money exemptions were not applicable to this scheme. The overall package (and its constituent schemes) has undergone economic appraisal and a benefit cost ratio of 2.89 was calculated representing **High value for money**. All of the to-be-constructed schemes individually are also comfortably in the **High value for money** category. According to the business case, this is a low-end estimate that assumes only 50% of the expected benefits from the implementation of real-time passenger information on public transport occur.

1.18 The benefits of the scheme largely emanate from improvements in journey quality/ambiance (due to improvements in the journey environment) and health benefits arising from increased physical activity. It is our assessment that the appraisal was carried out appropriately and in a robust manner with relatively minor points of clarification and correction outstanding.

1.19 A qualitative justification for the scheme is also provided in terms of evaluating benefits. Key outcomes are as follows:

- Increased levels of walking and cycling;
- Increased levels of bus patronage;
- Improved bus punctuality;

- Improvements to road safety; and
- Improvements to congestion at key junctions.

- 1.20 According to the Monitoring and Evaluation Plan in the updated business case, these outcomes will be monitored annually and reported on both one and five years after all constituent schemes are constructed.
- 1.21 Moderate uncertainties are still present in the business case, including there being limited information on the original generation of alternative options for the scheme, a possible need to consider additional interdependent schemes (i.e. Hastings Public Realm and Green Connections), potentially outdated baseline cycle demand and a lack of clearly defined inflation assumptions. There are also intrinsic risks in the scheme in terms of avoiding further cost escalation, though the scheme promoter has made this a priority having procured the remaining works from the new East Sussex Highways Contract with robust contractual arrangements in place. Significant disruptions owing to the Covid-19 pandemic and subsequent cost of living (inflation) crisis largely explain deviations from the original programme.
- 1.22 However, this has prevented the scheme from being recommended as having higher than **Medium certainty** despite a reasonably strong strategic rationale, robust monetised economic appraisal, and experience of successfully delivering similar schemes (i.e. Phase 1).

Table 1.1: Gate 1 & 2 Assessment of Local Growth Fund Business Case(s) for Q1 2023/24

Scheme	SELEP Allocation	Benefit to Cost Ratio ('x' to 1)	Strategic Dimension Rating	Economic Dimension Rating	Commercial Dimension Rating	Financial Dimension Rating	Management Dimension Rating	Assurance of Value for Money		Level of Overall Uncertainty
								Reasonableness of Analysis	Robustness of Analysis	
HBMAP	£9m	2.89 to 1	Amber / Green	Amber / Green	Green	Amber	Amber / Green	Strategic Case for the scheme is strong, with a clear and compelling need for intervention and a wide range of potential benefits outlined. However, Gate 2 comments on the generation of alternative options and interdependent schemes need to be addressed. Commercial Case describes a fairly straightforward and reasonable approach to procurement. Management Case is mostly reasonable, a summary of key risks is included and the high-level risk management strategy addresses its Gate 1 comments.	Economic Case is robust, with a clearly defined approach to each benefits stream and assumptions behind the appraisal readily available in Appendix G. Full results sheets have also been provided in Appendix C. There are some relatively minor issues to clarify with the scheme promoter around their methodology; namely whether a sensitivity can be applied updating baseline cycle demand for the scheme and stating the year of some of the other data used. In the Financial Case, inflation assumptions need to be clearly provided, justified, and amended if necessary to further mitigate against cost escalation and provide funding certainty.	As outlined opposite, overall uncertainty is moderate . The key issue is the treatment of inflation, i.e., the lack of clarity around the assumptions in the Financial Case. The full set of issues are expounded upon in detail within the Gate 2 review.

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Date

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Report title: Queensway Gateway Road LGF Project Update	
Report to: Accountability Board	
Report author: Richard Dawson, Head of Service - Economic Development, Skills and Infrastructure, East Sussex County Council and Helen Dyer, SELEP Capital Programme Manager	
Meeting date: 22 September 2023	For: Decision
Enquiries to: Helen.dyer@southeastlep.com	
SELEP Partner Authority affected: East Sussex	

1. Purpose of report

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

2. Recommendations

- 2.1 The Board is asked to:
 - 2.1.1 **Note** the latest update position on the delivery of the Project.
 - 2.1.2 **Note** that East Sussex County Council is working with its delivery partner to ascertain the extent to which further resource is required to complete the project.
 - 2.1.3 **Agree** that a clear delivery plan, including an indicative delivery programme, total project cost and funding package, should be provided at the January 2024 Board meeting.
 - 2.1.4 **Agree** that the Board will be provided with a further update on the Project at its meeting in November 2023.

3. Background

- 3.1 The Project will deliver a single carriageway road link between A21 Sedlescombe Road North and Queensway in Hastings. Construction of this road link provides access to designated employment development sites within the Bexhill Hastings Growth Corridor which would otherwise not be brought forward.

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- 3.2 The original Business Case was submitted at the value of £15m in February 2015 and was approved by the SELEP Strategic Board on 20 March 2015 and at the time indicated that the Project would complete in November 2016 based on when the funding would be received. Planning permissions were granted by Hastings Borough Council in 2015. However, the Project was delayed by a judicial review which was unsuccessful, and Hastings Borough Council took the application back to their Planning committee and approval was awarded in January 2016.
- 3.3 £9m of the funding from the Project was utilised to accelerate the delivery of other East Sussex Schemes, including the North Bexhill Access Road. At a later stage £4m of LGF funding was restored to the Project to bring funding up to £10m, with Sea Change Sussex providing £2m on top of this – approved by the SELEP Accountability Board in February 2018.
- 3.4 Since 2018, the £10m LGF funding allocation has been spent in full supporting project delivery to the end of 2020/21. The remainder of the main carriageway works were completed by July 2019 with the only residual works being the junction improvements with the A21 to allow the connection to open the road to traffic. The first part of the connection on the existing carriageway to the junction of Whitworth Road was completed in January 2021.
- 3.5 Completion of the final section of the Project, which involved the construction of a roundabout with the A21, was impacted by delays that Sea Change Sussex have experienced in securing the land to construct the scheme with extant planning permission approved by Hastings Borough Council. Consequently, Sea Change Sussex developed an alternative connection arrangement that utilises, improves, and signalises the existing Junction Road junction with the A21 which will allow the road to be completed and opened to traffic. Following discussions with both National Highways and East Sussex County Council as the local highway authorities, the principle of the signalised connection has been accepted. Both parties are working to confirm the overall funding package and contractual position before the final connection to the A21 can commence onsite.

4. Progress on the Section 278 agreement

- 4.1 There are technical requirements with the outcome of Stages 1 and 2 of the Road Safety Audit highlighting the need for a Traffic Regulation Order for the prohibition of parking in areas of Whitworth Road and design of the cycleway. In August 2022, National Highways issued an addendum to the Road Safety Audit asking that there was a review of the cycleway detail. This is an additional process that is required to satisfy the requirements of the Audit and must be carried out before all parties can enter into a Section 278 agreement. Sea Change Sussex's designers have submitted an amended drawing in relation to the Stage 2 Road Safety Audit and the designer's response has received the necessary sign off.
- 4.2 Once the final full and complete set of drawings, specifications, plans and costings for the full Project have been received and technical approval has been granted by East Sussex County Council and National Highways, legal instruction will be given to put the Section 278 agreement in place. Much of the information has already been received by East Sussex County Council, reviewed, and given technical approval, but there are outstanding matters,

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including the complete signage package. Design approvals are in the final stages with final amendments to plans being progressed by Sea Change Sussex.

4.3 Experience has shown that technical approval to sign-off of the Section 278 agreement typically takes between 1 week and 2 months. However, this is subject to timely progression by all parties concerned and there being a general agreement to clauses contained within the draft agreement. This remains the subject of ongoing discussions, and the progression down the Section 278 route is not Sea Change Sussex' favoured option.

4.4 The following Traffic Regulation Orders (TROs) still need to be made and implemented prior to the completed scheme being open to through traffic:

4.4.1 Junction Road Prohibition of Driving (requires re-advertising as the previously made TRO has expired)

4.4.2 Whitworth Road Speed Limit

4.4.3 Whitworth Road waiting restrictions to prevent on-street parking.

4.5 Both the Whitworth Road TRO's will be progressed for formal consultation and public advertisement by the East Sussex County Council Parking team once the start date for works is confirmed. It is envisaged that the Junction Road TRO will be re-advertised at the same time.

4.6 Once East Sussex County Council and National Highways have reviewed the full set of plans and drawings, including the signage package, and the Section 278 agreement is in place, the road space for undertaking the works will need to be booked with both East Sussex County Council and National Highways.

5. East Sussex County Council position with Sea Change Sussex on progress and funding associated with the Queensway Gateway Road

5.1 At the last meeting the Board was informed East Sussex County Council and Sea Change Sussex were in dispute. Since then, East Sussex County Council and Sea Change Sussex have met and held constructive dialogue to progress the Project. Both parties are working together to bring the Project to a close through the construction of this final connection to the A21. Further work will take place over the coming weeks to ascertain the extent of the additional funding package, delivery programme, and the legal agreements that will be required to support project delivery. Whilst additional funding will be required it is anticipated that the Project will be delivered within the amount estimated in the original 2015 Business Case of £15m.

6. Steps taken to bring forward the commercial development

6.1 As stated within the previous update report, the employment sites unlocked by the Project are already accessible from the Queensway end of the Gateway Road. The delivery of the final connection with the A21 will maximise the employment benefits already realised through the 90% of the road that is complete, as well as resolving existing traffic congestion, particularly along The Ridge.

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- 6.2 During the last Board meeting in June, a verbal update was provided in respect of the (approximately) 17 acres of land owned by East Sussex County Council around the project site. This land could potentially be used to deliver some of the employment benefits set out in the Project Business Case. The East Sussex County Council Property Team have prepared an internal options report to seek approval of actions to be taken, ahead of any decision to either dispose of or keep this asset. The draft options report demonstrates that the preferred option is to see the full connection be realised to unlock the potential of the other sites prior to progressing the benefit opportunities. East Sussex County Council and Hastings Borough Council have subsequently met to explore ways the land could be packaged to attract investment.
- 6.3 To date there have been 36 construction jobs reported by Sea Change Sussex in connection with the delivery of the Project. This compares to 12 FTE construction jobs related to the construction of the road and 30 construction jobs related to the construction of the new employment floorspace as set out in the Business Case.





7 Risk Assessment Reporting

- 7.1 Since June 2023, East Sussex County Council have reviewed the key risks impacting on project delivery and the mitigation measures which are being employed to manage these risks:

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Risk	RAG rating (June 2023)	Change since last Board meeting	Current RAG rating (September 2023)	Progress & Actions
<p>Programme</p> <ul style="list-style-type: none"> ▪ Delays in technical approvals by National Highways ▪ Objections received as part of formal TRO advertisement ▪ Procurement for final stage of construction not progressing 	Red	→	Red	<ul style="list-style-type: none"> ▪ East Sussex County Council to monitor in line with SELEP reporting requirements and evaluate any impacts and delays to the programme. ▪ Ongoing communication with National Highways and Sea Change Sussex regarding technical approvals. ▪ TRO objections to be considered at Planning Committee as required. ▪ Procurement route and tendering to be agreed between East Sussex County Council and Sea Change Sussex. ▪ Road space for undertaking the works will need to be booked with both East Sussex County Council and National Highways
<p>Benefits Realisation</p> <ul style="list-style-type: none"> ▪ Inability to attract third party private sector investment for follow-on development due to market uncertainty because of impact of external factors such as: Brexit; Covid-19 pandemic; Supply chain/labour shortages and cost price inflation; Ukraine war and energy price inflation; Cost of living crisis 	Red	→	Red	<ul style="list-style-type: none"> ▪ East Sussex County Council to monitor in line with SELEP reporting requirements and evaluate any impacts and delays to the timeline for benefits realisation. ▪ East Sussex County Council Property team have produced a review looking at the options for marketing the employment site which sits within their ownership. The outcomes of the review are shared within this report.
<p>Design Updates</p> <ul style="list-style-type: none"> ▪ Delays to Road Safety Audit Stage 2 Addendum Report approvals due to extent of auditor's comments ▪ Procurement cannot be finalised and is subject to variations until 	Amber	→	Amber	<ul style="list-style-type: none"> ▪ Continue to monitor outstanding actions and communicate with National Highways and Sea Change Sussex for updates.

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<p>National Highways' additional approval process has been completed</p>				
<p>Project Budget/Cost</p> <ul style="list-style-type: none"> ▪ Potential for long lead-in times and material delays/cost increases ▪ Overall budget to be confirmed 	<p style="text-align: center;">Red</p>		<p style="text-align: center;">Red</p>	<ul style="list-style-type: none"> ▪ Undertake final procurement stage at earliest opportunity to mitigate potential for further tender cost rises. ▪ Required traffic signals already procured to reduce risk of extended lead in times impacting on delivery programme. ▪ Ongoing budget to deliver scheme to be agreed between East Sussex County Council and Sea Change Sussex.

8. Next steps

- 8.1 East Sussex County Council will work with its delivery partner on the areas set out in the report and to ascertain the extent of the further resource that is required to complete the Project.
- 8.2 The Board will be provided with further updates on the Project until satisfied that the deliverability risk has been fully addressed and has reduced to an acceptable level. The next report will be at its meeting in November 2023.

9. SELEP comments

- 9.1 As the Board will recall, a written update on project delivery was provided at the last meeting but the report did not provide the comprehensive update requested at the July 2022 Board meeting. The report provided raised concerns regarding the availability of funding to deliver the remaining elements of the Project, was unable to provide a comprehensive delivery programme and raised concerns regarding the ongoing feasibility of realising the forecast project benefits. Furthermore, within the report, East Sussex County Council identified areas of contention between themselves and Sea Change Sussex, including in relation to the funding package. The Board noted that options for the way forward in relation to project delivery should be provided at this meeting.
- 9.2 Whilst this report indicates that there have been positive and constructive discussions between East Sussex County Council and Sea Change Sussex since the last Board meeting, there remains a need for agreement to be reached in relation to how the remaining elements of the Project will be delivered.
- 9.3 East Sussex County Council have sought to identify those areas where there is an ongoing need for agreement to be reached and have provided some commentary as to the steps which need to be taken to secure completion of the Project. However, at this stage, East Sussex County Council remain unable to provide a clear programme for project delivery which continues to be a concern – particularly in the context of the impending dissolution of SELEP.
- 9.4 It is understood from previous reports to the Board that delivery of the remaining elements of the Project cannot progress until the full funding package has been confirmed. There is therefore a risk that delivery of the final connection with the A21 could be subject to a significant delay if it is not possible for the funding package to be confirmed in a timely manner. However, it is currently acknowledged that the Project is not in a position to resume work onsite as there remain outstanding formal approvals from both National Highways and East Sussex County Council. These approvals need to be secured to allow the completion of the Section 278 agreement for the works. If the funding package cannot be confirmed prior to these elements being completed, there will be a direct impact on the delivery programme for the remaining works.
- 9.5 In addition to the potential adverse impact on the delivery programme, there is also a risk that the total project cost will increase if a funding package and contractual arrangements cannot be confirmed in the short-term. It has been widely reported across the LGF and Getting Building Fund (GBF) programmes that construction costs have increased significantly in recent months. This is due to a range of factors including availability and cost

Queensway Gateway Road LGF Project Update

of materials, high inflation levels and issues with labour supply. It is important that these factors are taken into account when discussing the funding package to ensure that a funding gap is not identified at a later date.

- 9.6 In light of these concerns, it is imperative that a more comprehensive update on project delivery is provided at future Board meetings, which clarifies the funding package and delivery programme. To this end, the Board are asked to agree that a clear delivery plan, including an indicative delivery programme, total project cost and funding package, should be provided at the January 2024 Board meeting. Provision of this information is critical to provide both the Board and members of the public with confidence that the remaining elements of the Project will be delivered.
- 9.7 As referenced at Section 9.1 of this report, it was noted at the last Board meeting that options for progressing the Project would be brought forward for Board consideration at this meeting. Following further discussions with East Sussex County Council, it was noted that since the last Board meeting, positive steps have been taken to resolve the areas of contention with Sea Change Sussex. The reported positive engagement between East Sussex County Council and Sea Change Sussex would appear to reduce the risk associated with completion of the Project, however, the status of the relationship between the two parties will be monitored, alongside progress towards delivery.
- 9.8 Given the more positive tone of this update, alternative options are not set out for Board consideration at this meeting. However, should it not be possible for the required information to be presented to the Board in January 2024, options will be brought forward for Board consideration including the potential for the LGF funding to be removed from the Project.
- 9.9 The impending dissolution of SELEP, following the decision by Government to not provide any further core funding to LEPs, places greater onus on East Sussex County Council to provide the required information in accordance with the timeline set out above. It is important that the Project is subject to further consideration by the Board and that a definitive decision on the ongoing status of the funding is taken prior to March 2024. Whilst it is acknowledged that the full LGF funding allocation has been spent supporting delivery of the Project, there remains a possibility that the Board could be asked to agree the removal of the LGF funding from the Project at the January 2024 meeting should it not be possible for East Sussex County Council to provide a clear delivery plan, which sets out how the Project will be fully delivered in accordance with the agreed Business Case.
- 9.10 Finally, as indicated in the Business Case, the completed project will provide access to designated employment development sites within the Bexhill Hastings Growth Corridor which would otherwise not be brought forward. Specifically, the Project opens up the development potential of key sites south of The Ridge, with capacity for up to 12,000sqm of employment floorspace.
- 9.11 According to the Business Case, the development of these key employment sites will facilitate the creation of 900 new jobs, with the first jobs originally expected to be realised in 2018/19, on the assumption that the road would be open in November 2016. These jobs will not be created directly through the LGF investment (the LGF investment will not deliver the commercial workspace) and are therefore considered to be indirect benefits of the Project.

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- 9.12 The direct benefits of the Project include reduced congestion on The Ridge, improved traffic flows on the A21 and the creation of new construction jobs. To date, reporting provided by East Sussex County Council indicates that 36 of the potential 42 construction jobs have been created as a result of the Project.
- 9.13 The delay in completing the final section of the Project presents a risk to the realisation of some of these benefits. The connection with the A21 is critical to ensure that the levels of congestion are reduced. It is expected that the completion of the signalised connection and the opening of the full length of the new road, will allow the immediate realisation of the anticipated traffic benefits.
- 9.14 As has been reported at previous meetings, access to the employment sites was unlocked in 2019 when the roundabout in the middle of the new road was completed. However, the realisation of the stated indirect employment benefits is entirely dependent upon this land being brought forward for commercial development, which is outside the scope of the works funded through the LGF.
- 9.15 At the last meeting, East Sussex County Council provided an update on the status of the section of the employment land unlocked by the Project which falls within their ownership. The update identified challenges associated with bringing forward development on the site – including topography, ecology and build costs. In addition, the update indicated that an options report had been drafted by the Council's Property Team, which would help to inform a decision as to whether to retain or dispose of the land.
- 9.16 East Sussex County Council have now indicated that the draft options report demonstrates that the preferred option is to see delivery of the Project completed before concerted efforts are made to bring forward the forecast employment benefits. This approach will ensure that all available employment land is unlocked, and will open opportunities for packaging land owned by East Sussex County Council and Hastings Borough Council in order to attract investment. Adoption of this approach may provide greater certainty as to the realisation of forecast project benefits, however, it does mean that the timeline for securing these benefits will be entirely dependent upon the delivery programme for the remaining elements of the Project which is yet to be established.
- 9.17 If it is not possible for commercial development to be brought forward on the site, the forecast employment benefits outlined in the Business Case will not be fully realised. It is important that consideration is given to the ongoing achievability of the anticipated employment benefits and the period over which these benefits can be achieved. If it is determined that the benefits outlined in the Business Case can no longer be realised, it will be necessary for a Change Request to be brought forward for Board consideration. It will be important to ensure that any changes to the project benefits do not adversely impact on the value for money offered by the Project – this consideration will form part of any required Change Request process.
- 9.18 It should be noted that if it is not possible to deliver the final connection with the A21 as set out within this report, that steps may be taken by the Board and Essex County Council (as the Accountable Body for SELEP) to recover the £10m LGF allocation to the Project from East Sussex County Council under the terms of the Service Level Agreement which is in place.

10. Financial Implications (Accountable Body Comments)

- 10.1 There continue to be a number of challenges to completion of the Project, albeit that the full £10m LGF allocation has already been spent supporting delivery; this presents risks to the Board on assuring delivery of the expected outcomes, particularly given the delay in completion experienced to date.
- 10.2 There continues to be uncertainty with respect to the delivery plan, timeline and the costs for completing the Project, which increases the overall risk to delivery.
- 10.3 Further risks continue to remain with respect to the funding required to complete the Project; previous updates to the Board have indicated a lack of clarity with regard to how the final section of the road is to be funded, with references to contributions from Sea Change Sussex as temporary funding. It is noted, however, that whilst East Sussex County Council have still not been able to provide assurance to the Board of a solution in this respect, the update indicates that there have now been constructive discussions between East Sussex County Council and Sea Change Sussex to progress towards resolving these issues. The Board are advised that should East Sussex County Council be unable to provide the requested information by the January 2024 meeting of the Board, then options for the way forward should be presented for consideration at that meeting, which could include recovery of some or all of the £10m LGF investment made on the road.
- 10.4 All LGF was transferred to East Sussex County Council, as the Project's Lead Authority, under the terms of a Service Level Agreement (SLA) which makes clear that funding can only be used in line with the agreed terms. It is also clear that ensuring sufficient funding is secured to support delivery of the Project is the responsibility of East Sussex County Council. The Agreements also set out the circumstances under which funding may have to be repaid should it not be utilised in line with the conditions of the grant or in accordance with the Decisions of the Board.
- 10.5 It is of concern to SELEP and the Board to ensure that the final section of the road is delivered to enable the realisation of the benefits set out within the Project Business Case; if completion of the road continues to be delayed or the completion cannot be assured then there is a risk that the Project may no longer meet the conditions of the SLA. In these circumstances, the Board may consider recovering some, or all, of the £10m LGF allocated to the Project.
- 10.6 A further risk of concern with respect to the benefits update which indicates that progress towards realising the wider benefits of commercial development in the land adjacent to the road is unlikely to be progressed until the road is fully completed and open to use; this issue similarly supports the imperative of an agreed way forward between East Sussex County Council and Sea Change Sussex to secure the completion of the road.
- 10.7 To monitor the on-going risks associated with this Project, the Board needs to be able to keep delivery progress under review and to take this into account with regard to any further decisions made in this respect. The limited update that East Sussex County Council have been able to provide to the Board in this report does not fulfil the expectations set out in the SLA and indicates additional risks to completion of the project. Further, ongoing effective monitoring of delivery and understanding of the risks along with proposed mitigations is essential for the Board, particularly due to the current uncertain economic climate and high

inflation, together with ongoing impacts experienced following the Covid-19 pandemic and Brexit.

11. Legal Implications (Accountable Body Comments)

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

12. Equality and Diversity implications (Accountable Body Comments)

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

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

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

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

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

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

13. List of Appendices


- 13.1 Appendix A - LGF Project Background Information

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

Queensway Gateway Road LGF Project Update

Role	Date
Accountable Body sign off Michael Neumann (On behalf of Nicole Wood, S151 Officer, Essex County Council)	14/09/2023

Appendix A – LGF Project Background Information

Name of Project	Queensway Gateway Road, Hastings East Sussex County Council
Local Growth Fund (LGF) allocation	£10,000,000 – initial award March 2015
Description of what Project delivers	<p>The Queensway Gateway Road scheme compromises a single carriageway road link between A21 Sedlescombe Road North and Queensway. The road will connect with Queensway running south of its junction with the Ridge West, crossing the Hollington Stream valley on an embankment and then running south of Whitworth Road to join the A21 at a new junction north of the existing Sainsbury's store, as shown below. The road will facilitate access to employment sites to the north and south.</p>  <p>The map shows the proposed Queensway Gateway Road route in red. It starts at the A21 (Sedlescombe Road North) and runs south, crossing the Hollington Stream valley on an embankment. The route then runs south of Whitworth Road to join the A21 at a new junction north of the existing Sainsbury's store. Other roads shown include The Ridge West, Combe Valley Way, and various residential streets like Riding Stables, Beauport Park Hotel, and Govt Offices.</p> <p>The road will connect the Combe Valley Way (formerly known as the Bexhill Hastings Link Road) via Queensway to the A21, redistributing traffic from Combe Valley Way and The Ridge heading towards the A21. The opening of the Combe Valley Way changed the balance of traffic movements in the Hastings and Bexhill area, and has resulted in increased traffic volumes along</p>

	<p>the Ridge and Queensway. By relieving congestion, the Queensway Gateway Road will improve strategic connectivity in the Bexhill Hastings Growth Corridor, improving employment development potential in Queensway and employment and housing growth potential in North Bexhill.</p> <p>The key objectives of the project are:</p> <ul style="list-style-type: none"> • to support the development and employment potential of the Bexhill Hastings Growth Corridor; • to improve strategic access between the A21 and Queensway/Combe Valley Way and thereby strategic access to employment and housing sites in North Bexhill and Hastings; and • to alleviate congestion at junctions to the A21 enabling Combe Valley Way to perform to its full potential as a driver of economic growth.
<p>Project benefits</p>	<p>The Queensway Gateway Road provides access to designated employment development sites within the Bexhill Hastings Growth Corridor which would otherwise not be brought forward.</p> <p>The new road allows land to be released for employment development, as set out within Hastings Local Plan 2004 and Hastings Planning Strategy. Specifically, the road opens up the development potential of key sites south of The Ridge, with capacity for up to 12,000sqm of employment floorspace.</p> <p>It is expected that the Project will lead to the creation of 900 new jobs. In addition, the development of Queensway Gateway Road and Combe Valley Way are expected to directly contribute to the delivery of at least 60,000 sqm of new employment workspace and construction of 3,100 new homes in North Bexhill by 2028 as a result of improved connectivity.</p>
<p>Project constraints</p>	<p>The Project is being delivered in phases with the first phase having started early in 2017. In March 2019, the western section of road was completed and was opened for access to local businesses only.</p> <p>The final section of the road as originally planned, to connect the already completed sections with the A21 via a roundabout, requires the purchase of remaining properties on the route. There is currently no clear timeline as to when the acquisitions could be completed either through negotiation or potentially through a Compulsory Purchase Order. This issue has delayed the completion of the Project and is identified as a significant risk to delivery.</p>

	<p>An alternative signalised connection with the A21 is being progressed to allow use of the new road as a through route. This connection may replace the originally planned roundabout on a permanent basis but is subject to further review to determine whether it achieves the forecast project benefits as per the approved Business Case.</p>
<p>Link to Project page on the website with full Business Case and links to any previous decisions by Accountability Board and/or Strategic Board</p>	<p>https://www.southeastlep.com/project/queensway-gateway-road/</p> <p>Funding decision (note: original LGF allocation to the project was £15m): https://www.southeastlep.com/app/uploads/2018/06/Minutes-SELEP-Board-20th-March-2015-V3.pdf</p> <p>Project changes: https://www.southeastlep.com/app/uploads/2020/08/Accountability-Board-Summary-of-Decisions-23.02.18.pdf</p>

Report title: A13 Widening LGF Project Update	
Report to: Accountability Board	
Report author: Kevin Munnely, Assistant Director Regeneration and Place Delivery, Thurrock Council and Howard Davies, SELEP Capital Programme Officer	
Meeting date: 22 September 2023	For: Information
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 A13 Widening Local Growth Fund (LGF) project (the Project) which has been assessed as being High risk.
- 1.2. The Project is now complete, other than delivery of minor remediation works, so this report will set out the projected final financial outturn position for the Project.
- 1.3. The report will also include a summary of the lessons learnt following a review of the Project undertaken by Thurrock Council.

2. Recommendations

- 2.1. The Board is asked to:
 - 2.1.1. **Note** the update on the project, including the lessons learnt.
 - 2.1.2. **Note** that an update including an updated Value for Money assessment will be brought to the November 2023 Board meeting.

3. Summary Position

- 3.1. The project involves widening the A13 Stanford le Hope Bypass from 2 to 3 lanes in both directions, from the junction with the A128 (Orsett Cock roundabout) in the west to the A1014 (the Manorway) in the east. The Project has provided a continuous three-lane carriageway from the M25 to Stanford le Hope, which will reduce congestion, improve journey times and support further economic growth.
- 3.2. The Project is a Department for Transport (DfT) retained scheme, which means the original Business Case for the project was reviewed by the DfT and the funding decision was made by the Secretary of State in April 2017.
- 3.3. At the time of the original funding decision, the estimated project cost totalled £78.866m, with £66.058m LGF being secured from the DfT and approved by the Board in March 2017,

A13 Widening LGF Project Update

a further £5m LGF having been awarded by SELEP and approved by the Board in April 2016, towards the early development stage of the Project.

- 3.4. The Board has received updates on issues and progress since November 2019. In July 2020, the total cost of the Project was reported to have increased to £114.7m. In light of project cost increases, the Board agreed to award a further £8.942m LGF towards the Project, increasing the overall LGF contribution to the Project to £80m.
- 3.5. At the point of this additional funding award to the Project, Thurrock Council provided assurances that the Project would still progress through to completion and that the Council would underwrite any further funding shortfalls that might arise. This would include seeking additional funding through any external sources available to Thurrock Council, as well as the use of its own capital resources such as capital receipts and Prudential Borrowing.
- 3.6. The Project received an additional £1.5m LGF at the March 2021 Board meeting, as the Project had seen costs rise mainly due to the impact of the COVID-19 pandemic.
- 3.7. A revised economic appraisal was undertaken for the Project as part of its application for additional LGF funding. This assessment demonstrated that the Benefit Cost Ratio (BCR) for the Project itself had reduced to 1.7:1, which no longer represents High value for money. However, it was also noted by the Independent Technical Evaluator that an additional scenario which considered the impacts of the Lower Thames Crossing had been provided. This assessment demonstrated a BCR of 2.5:1, which represents High value for money. As part of the request for additional LGF the Board were asked to consider the fact that the Project no longer offered High value for money in isolation, however, when considered in conjunction with the expected benefits from the Lower Thames Crossing project, High value for money was anticipated.

4. Delivery Update

- 4.1 The Project is now in the post completion phase and the focus is on agreeing the arrangements for the processing of compensation claims. These claims mainly relate to business disturbance claims arising from the provisions within the original Harbour Empowerment Order used to secure the land. Whilst all claims will be considered and assessed on an individual basis, Thurrock Council is contractually obliged to settle all eligible claims. A provisional allowance has been made in the projected outturn cost set out in Table 1, to take account of these claims. The provisional allowance has been based on a property cost estimate (PCE).
- 4.2 A provisional sum has also been included to cover minor remediation works which have been agreed with Thurrock Council's Highways team. The Highways team will commission and manage these minor works through the Highways term contractor now that the Project has been fully passed over to the Thurrock Council Highways team. The Settlement Agreement, which will supersede the main work contract, sets out the detail of the sectional completions and handover arrangements, insurances and the treatment of latent defects.

5. Final Project Costs

- 5.1. Costs for the construction phase of the works contracts have been finalised and an outturn figure for this phase is £145.95m. This is based on the negotiation of the final settlement agreement with the main contractor, Kier, and has a high degree of certainty.
- 5.2. The current outturn forecast is £147.453m and is set out in Table 1, which represents an increase of 51% on the revised budget forecast. The 2019 Infrastructure Report from the Institute of Civil Engineers found that, in a survey of 25 similar infrastructure projects, the average percentage increase between contracted cost price and final costs was 79.8%. The report concluded that because of the nature of these complex infrastructure projects and the uncertainties prevalent in their implementation, even with appropriate project planning measures, external factors can lead to programme and cost overruns.
- 5.3. The main construction phase of work has been completed and a settlement agreement negotiated with Kier for the construction costs and associated design costs.

Table 1: Projected Outturn Scheme Costs (£m)

Project Outturn Scheme Costs										
	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24 Actual	2023/24 Forecast	Total
LGF Development Funding	2.709		2.291							5.000
LGF DfT Retained Scheme Funding		13.408	11.483	32.657	8.510					66.058
Additional LGF - awarded July 2020					8.942					8.942
Additional LGF - allocated to the project in March 2021					1.500					1.500
Section 106			0.024	0.060						0.084
DP World				0.285	5.047	2.808				8.140
Thurrock Council					8.062	35.778	10.853	0.165	2.871	57.729
Total Project Cost	2.709	13.408	13.798	33.002	32.061	38.586	10.853	0.165	2.871	147.453

6. Lessons Learnt

- 6.1. The internal project team, supported by AECOM, has undertaken a scheme review to fully understand how the Project significantly overran its original budget forecast and programme. This report highlights the main factors and a fuller assessment and analysis is contained at Appendix B of this report. The detailed findings and recommendations set out in the Lessons Learnt report will be reviewed as part of the review by Thurrock Council's Capital Programme Board, which includes an overview of A13 Widening, Stanford le Hope and Grays underpass. Thurrock Council's Capital Programme Board have introduced new capital monitoring processes.

Pre-Contract

- 6.2. A key factor which has impacted on the Project has been the failure to accurately estimate the forecast costs of the Project at the outset. The main issue was that original scheme costings were based on a preliminary design and certain detailed design elements of the Project were either not included or were underestimated, such as the utilities diversion works and drainage; which turned out to be significant additional costs. Whilst contingencies, based on the preliminary design, were included in the original forecast cost, these were inadequate given the variance between the original forecast and the projected outturn.

- 6.3. The lack of understanding of the ground conditions also resulted in significant costs being incurred, this was a particular problem in the construction of the Orsett Bridge roundabout. Due to the lack of a detailed design, there was a limited assessment of financials relating to risk allocation, contingency planning and the use of optimism bias in the original forecasting.
- 6.4. There were also a number of push factors that resulted in poor procurement decisions being made and these related to the need to meet key project milestones to satisfy funding requirements. The first of these was the use of the Compulsory Purchase Order power under the Harbour Empowerment Order which expired in May 2018. The second related to the need to complete a Business Case and milestones needed to secure the SELEP LGF grant funding.

Tendering

- 6.5. These timing constraints resulted in the preferred option to undertake a bespoke procurement exercise for a single Design and Build contract being rejected in favour of separate contracts for the detailed design (Atkins) and Construction (Kier). As a consequence, there was no legal relationship between the designer for the scheme and the constructor of the scheme, meaning that those workstreams were delivered independently and in parallel as opposed to collaboratively and sequentially.
- 6.6. Another key issue was the form of contract selected. Thurrock Council chose to enter into a NEC 3 Target Price Contract with Kier, based on estimated costs. Thurrock Council approved a fixed price point before the Project was fully scoped and design complexity fully understood. The Project was also tendered at a stage when the information to inform the tender was not sufficiently developed to enable tenderers to price the job effectively. This meant that a number of elements were removed and remained as an Employers' risk, i.e., the responsibility and liability for them remained with Thurrock Council.
- 6.7. The nature of the contract selected set a target price for the construction works. The frequent delays in the Project led to an increase in compensation events which raised the target cost of the Project. These compensation events, include ongoing inflationary and impact of COVID-19 working practices, increased directly as a result of delays in delivery and delays in agreeing the final design and works information. In particular with reference to the drainage, structures and utilities diversion works. This continually placed Thurrock Council at a contractual disadvantage as cost increases could readily be passed through to Thurrock Council and not the main works contractor or scheme designers.

Post Contract

- 6.8. The lack of project governance and effective contract management resulted in significant delays to the programme, whilst the Kier construction team waited on the detailed scheme designs from Atkins. There was no adoption of collaborative administrative tools to manage information, share data and report issues. At this point in delivery (2019/20), there was a significant increase in the amount of compensation events being raised, which resulted in further delays and increased costs, which fell to Thurrock Council due the nature of the target contract. There was a failure in project governance to quickly resolve these issues and it took until March 2020 with the signing of a Deed of Variation between Kier, Atkins

and Thurrock Council and the appointment of AECOM as dedicated project managers, for the compensation events to reduce and the Project to begin to deliver to programme.

Project Benefits

- 6.9. The Project has delivered a critical piece of transport infrastructure that will underpin growth in the key employment areas of the Thurrock Freeport area. Through increasing the capacity by 50% on this the section of road and its critical interchange links to the ports, it can now service over 150,000 vehicles per day. In terms of engineering the Project has delivered over 18,000m of new drainage, 104,000 sq. m of new road surface, 1,850 m of environmental barriers and over 10,000m of new fences. As part of the review AECOM assessed the Project against other similar comparable scheme in the region and they found that the project costs compared favourably with the average costs reported against other schemes.

Image 1: Completed and fully operational A13.



7. Updated Value for Money Assessment

- 7.1. As set out at Section 3.7 of this report, additional LGF funding was applied for in March 2021 and an updated Value for Money assessment was undertaken. This assessment showed that the BCR offered by the Project had slipped below the 2:1 threshold required by the SELEP Assurance Framework, however the BCR rose to 2.5:1 when the impacts of the Lower Thames Crossing project were included.
- 7.2. At the time of the updated Value for Money assessment, project costs had risen to an expected circa £145m. As set out in Section 5 of the report, the final project costs have subsequently risen to £147.453m and therefore the BCR will have reduced from that previously reported to the Board.

8. SELEP Comments

- 8.1. As set out in the report, the Board has received updates on issues and progress arising in relation to the Project since November 2019. So, it is welcome news that the final matters are near completion and the road is operational.
- 8.2. Outstanding matters relate to the completion of remediation works and the processing of disturbance claims.
- 8.3. Thurrock Council have updated the expected final project costs to £147.453m, which includes a forecast amount for the matters mentioned at Section 8.2. This does exceed the total project costs previously advised to the Board of £146.578m in November 2022 and is higher than the figure included as part of the application for additional LGF, which estimated project costs at £145m upon which the most recent value for money assessment of the Project was based.
- 8.4. In January 2021, the Independent Technical Evaluator reviewed a revised Value for Money assessment for the Project (based on the estimated total project cost of £145m) which demonstrated a BCR of 1.7:1 which meant the Project fell into a Medium value for money category and did not meet the requirements of the SELEP Assurance Framework. However, an additional scenario which considered the benefits of the Project in conjunction with the impacts of the Lower Thames Crossing was also presented and reviewed by the Independent Technical Evaluator. In this scenario the Project demonstrated a BCR of 2.5:1 which falls within the High value for money category.
- 8.5. The Board were asked to consider the fact that the Project in isolation did not represent High value for money when deciding whether to approve any additional funding. As project costs have risen further, a refreshed value for money assessment will need to be carried out and presented at the November 2023 Board meeting to confirm that the Project continues to offer High value for money.
- 8.6. As set out in Section 6 of the report Thurrock Council have undertaken a full lessons learnt review of the Project. This was adopted by Thurrock Council at their July 2023 Cabinet meeting. The key takeaways are set out in Appendix C.
- 8.7. What is clear from the findings is that essential areas of understanding must include a clear procurement strategy with a clear agreement on the scope of works at the very early stages of the project. Experienced project management in place with sufficient resource, is essential. The Covid-19 pandemic had a substantial impact on the Project, but the decision to put in place a scheme reset in December 2020 was proven to be the correct decision and this did yield benefits in terms of final costs. The reset highlighted the need for robust governance and change control initiatives.
- 8.8. The Board has previously been updated on matters related to the Best Value Inspection that took place during 2022/23. The Board were advised at the March 2023 meeting that early work submitted to the Secretary of State concluded that Thurrock Council was not meeting its Best Value Duty generally across the Council, both in terms of its known financial issues, and in relation to its governance and staffing functions. This has been borne out by the final Best Value Inspection report which can be viewed [here](#).

9. Financial Implications (Accountable Body comments)

- 9.1. As has been regularly reported to the Board, there have been significant financial challenges associated with the delivery of this Project. The forecast total cost set out in this report of £147.453m an increase compared to that previously advised to the Board and places an increased risk with respect to the value for money associated with the scheme; previous assessments indicated that High Value for Money could only be maintained if the benefits associated with delivery of the Lower Thames Crossing Project were taken into consideration. An updated assessment of the Value for Money associated with the scheme is required to reflect the increase in costs associated with delivery but also a consideration of whether the anticipated economic benefits are still expected to be realised.
- 9.2. The completion of the lessons learnt report is a useful tool to assist in ensuring that future Projects can adopt the key lessons identified which will help to protect against unplanned cost impacts and assuring a focus on benefits realisation – these are helpful insights that can be a learning tool for all Partners.
- 9.3. 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.
- 9.4. £81.5m of LGF has been transferred to Thurrock Council, to support delivery of this Project, under the terms of a Funding Agreement or SLA which makes clear that funding can only be used in line with the agreed terms.
- 9.5. The Agreements also set out that it was the responsibility of Thurrock Council to secure the additional funding required to meet the cost overruns; assurances have previously been secured from the Council and reported to the Board, that the additional funding will be identified to fund the significant cost overrun associated with this Project – currently forecast as £68.587m (86.97%), when compared to the original £78.866m budget for the Project; £10.442m of this cost overrun was met by the additional LGF that was awarded to the Project across July 2020 (£8.942m) and March 2021 (£1.5m); a further £416,000 from other third party contributions, leaving £57.729m of additional funding to be identified by Thurrock Council. A report to Thurrock Cabinet in July 2023 identifies that the majority of this cost overrun is being met by Prudential Borrowing by the Council.

10. Legal Implications (Accountable Body comments)

- 10.1. 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.

11. Equality and Diversity Implications

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

12. List of Appendices

- 12.1. Appendix A – LGF Project Background Information
- 12.2. Appendix B – Lessons Learnt PowerPoint Presentation
- 12.3. Appendix C – Key Lessons Learnt and Key Takeaways

(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)	13/09/2023

Appendix A – LGF Project Background Information

Name of Project	A13 Widening	
	Thurrock Council	
Local Growth Fund (LGF) allocation	Date of award	Amount (£m)
	April 2016 (LGF Development Funding)	5.000
	March 2017 Accountability Board (DfT)	66.058
	July 2020 Accountability Board (DfT)	8.942
	March 2021 (Additional LGF)	1.500
	Total	81.500
Description of what Project delivers	The Project involves widening the A13 Stanford le Hope Bypass in both directions, from the junction with the A128 in the west to the A1014 in the east. Now that the Project is complete, there is a continuous three-lane carriageway from the M25 to Stanford le Hope.	
Project benefits	The Project will help address existing traffic congestion and improve journey times. It will also provide a significant contribution in supporting much needed economic growth not only on a regional and national platform but given the proximity to significant ports, logistics and industry, also on an international basis too which is why the delivery of the scheme is of critical importance.	
Project constraints	<ul style="list-style-type: none"> • Increased Project costs have been a major cause for concern. • Contract issues around Compensation Events have added to the rising costs. • COVID-19 increased delays and added pressure to costs. <p>The Project is now complete with the focus now on agreeing the arrangements for processing of compensation claims.</p>	
Link to Project page on the website with full Business Case	https://www.southeastlep.com/project/a13-widening/	



A13 Widening Programme Review & Lesson Learnt

Kevin Munnelly
Assistant Director
Regeneration & Place
Delivery

June 2023



A13 Widening – Project Overview

• OBJECTIVES

- Scope: The project will complete a Dual 3 x lane All Purpose (D3AP) standard carriageway along the A13 from junction 30 of the M25 to the A1014 junction. The A13 Widening project will tie in with the existing three lane section of the A13 to the west of the junction with the A128 (Orsett Cock). Alterations to the Orsett Cock interchange and two overbridges accommodate the widened A13.

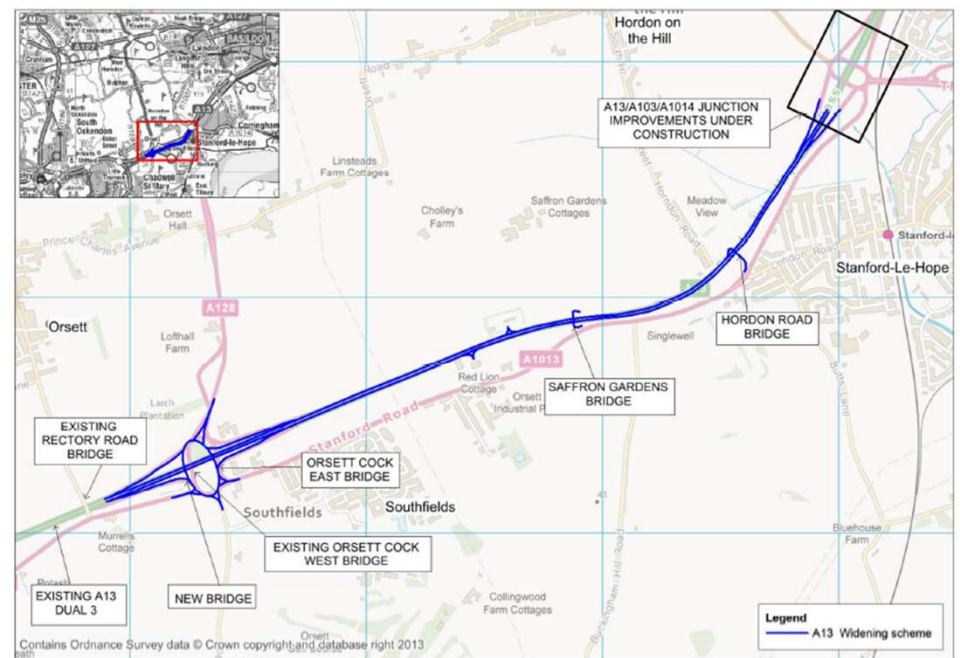
- *Original Approved Construction Budget: £78,866,596

- *Initial Programme: Completed by February 2019

(* at time of tendering & detailed design – Aug 2016)

- **£100,202,194 in 2023 prices*

Figure 5.1: A13 Widening Scheme



Source: A13 Widening Initial Business Case – Atkins, Aug 2013

Figure 5.1: Location of the Project

A13 Widening – Project Overview

- **NEEDS** – The A13 Widening project addresses the following TC business and Regeneration needs
 - Increase capacity along A13
 - Previously operating above capacity at 77,000 vehicles per day. Widening provides a 50% capacity increase on the road.
 - Increase capacity at Orsett Roundabout. Forecast to be operating above capacity by opening year.
 - Support continued development at London Gateway Port
 - Will employ 12,000 when fully completed, 85% of employees live locally.
 - Forecast to handle 30% of the countries containerised trade.
 - No more than 3 berths are permitted without A13 Widening works completed. (Currently working on £350M 4th Berth)
 - Support continued development of other business around Thurrock; London Gateway Logistics Park, Thames Enterprise Park, London Distribution Park, Lakeside, Purfleet Centre, growth in Grays and Canvey Gateway


Scale of the A13 Widening – Project


Stats at December 2020 (Below)


Project Stats at March 2023


- 18,000m of drainage
- 262 Street Lighting Columns
- 362 chambers
- 197 traffic signs
- 104,000m² of new surfacing
- 10,000m of fencing
- 1,850m of Environmental Barrier
- 4 x Bridges
- 3,800m of Central reserve


Project Statistics & Achievements


 5500m of statutory undertaker diversions completed.

 97% of topsoil stripped.
99% of bulk cut earthworks complete.
100% of bulk fill earthworks complete.
93% of imported fill complete.

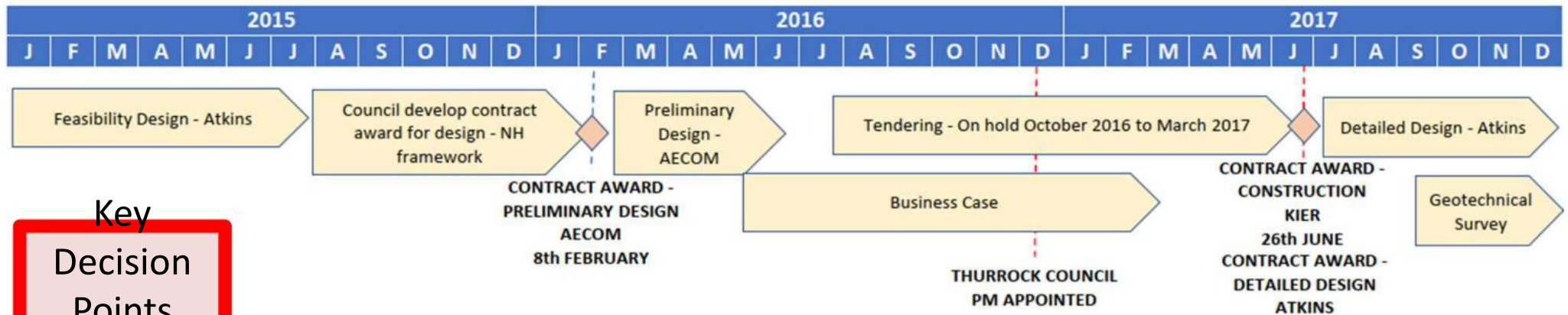
 10,890m of drainage installed.
11% of blacktop total surfacing complete.

 Currently more than 100 team members working full time on the project from Thurrock Council, AECOM, Kier and Atkins.

 Over 900,000 hours worked on site since start of project.

 Four bridges lifted into place in 2020 - weighing a total of 685 tonnes = 54 double-decker buses or 114 elephants!
88% of total structural concrete has now been placed.

A13 Widening – : 2015 to 2017 Programme



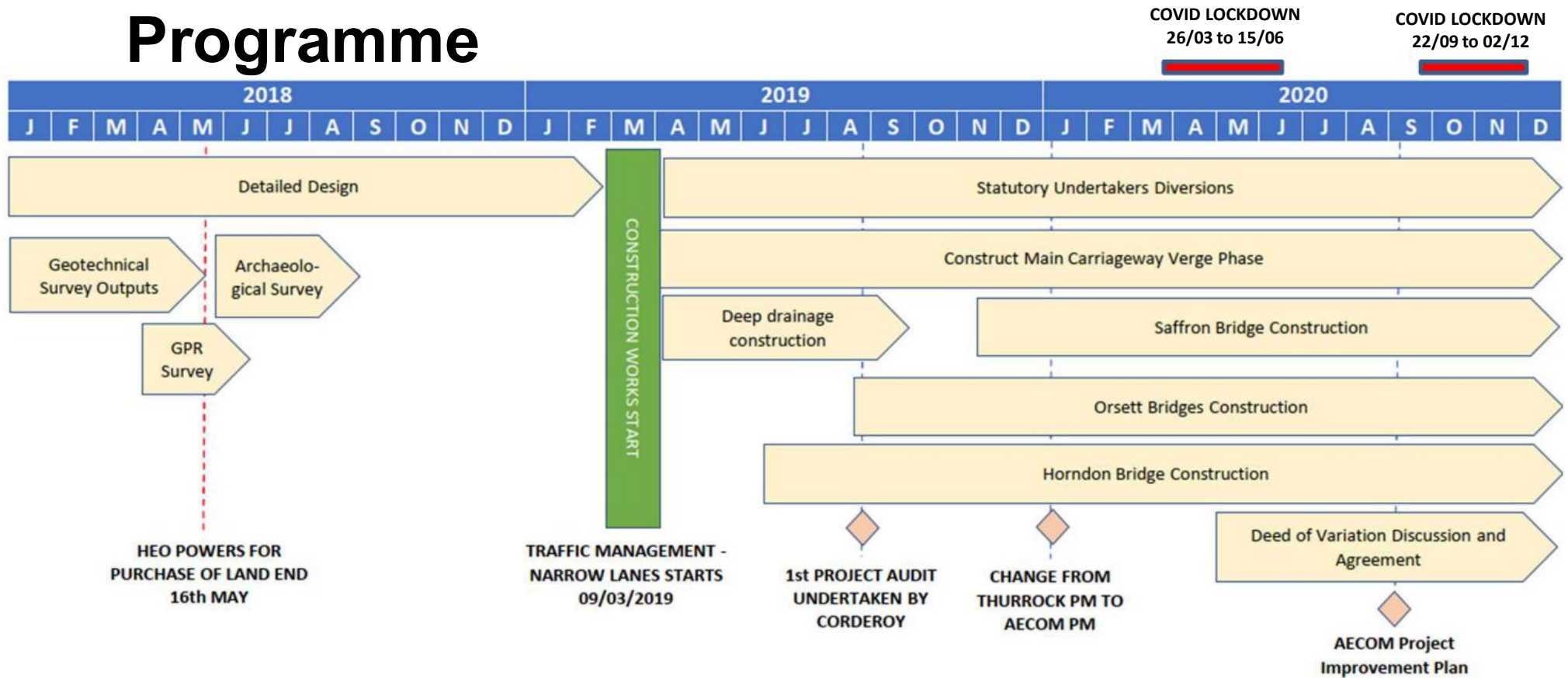
Key Decision Points shown

The Harbour Empowerment Order (HEO)

- This act of Parliament gave powers to create the Thames Gateway Port. It placed obligations on the developer of the port to provide supporting infrastructure in order to allow the expansion of the ports capacity. Rail and Highway schemes were defined by the HEO that would improve and minimise the impact of the port on the local infrastructure.

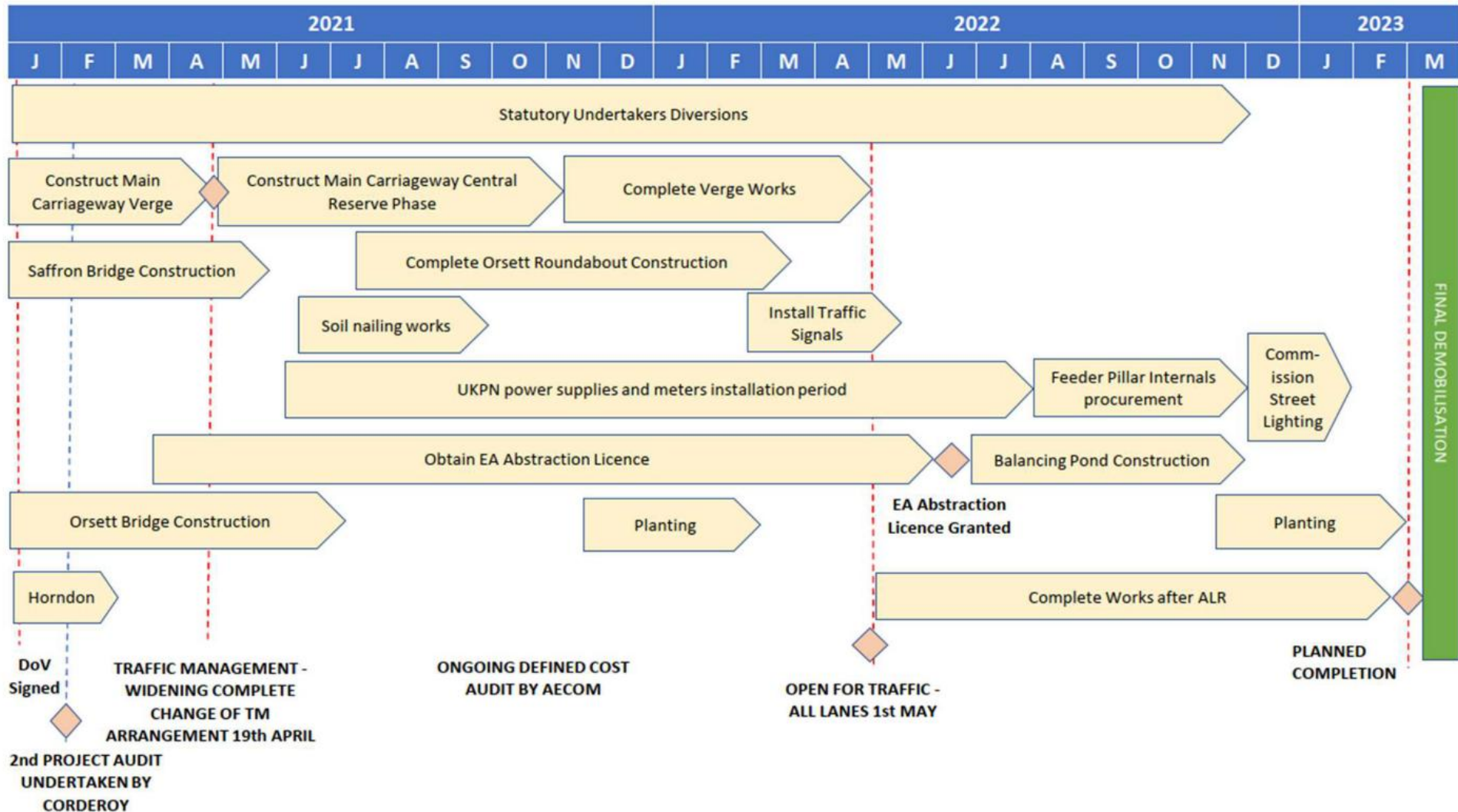


A13 Widening : 2018 - 2020 Construction Programme

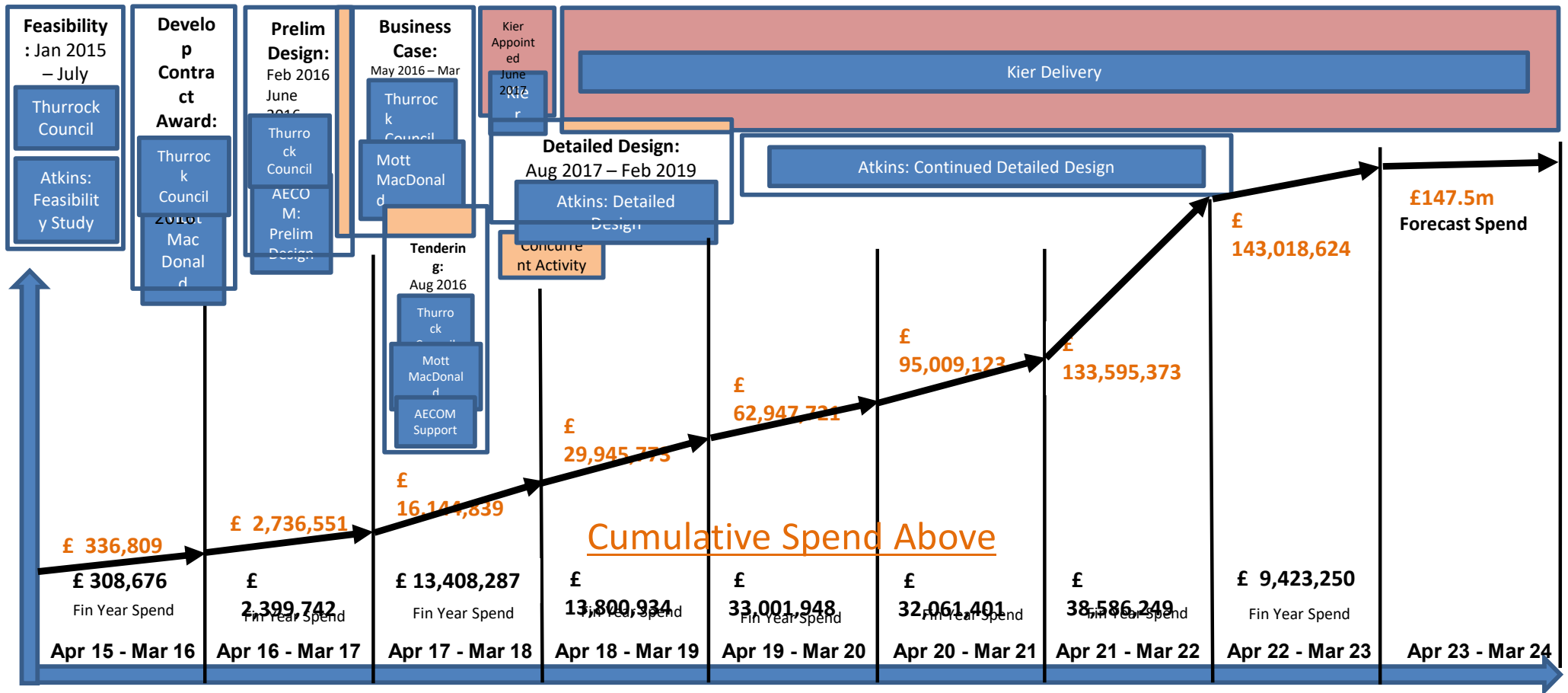


A13 Widening 2021 – 2023 Construction Programme

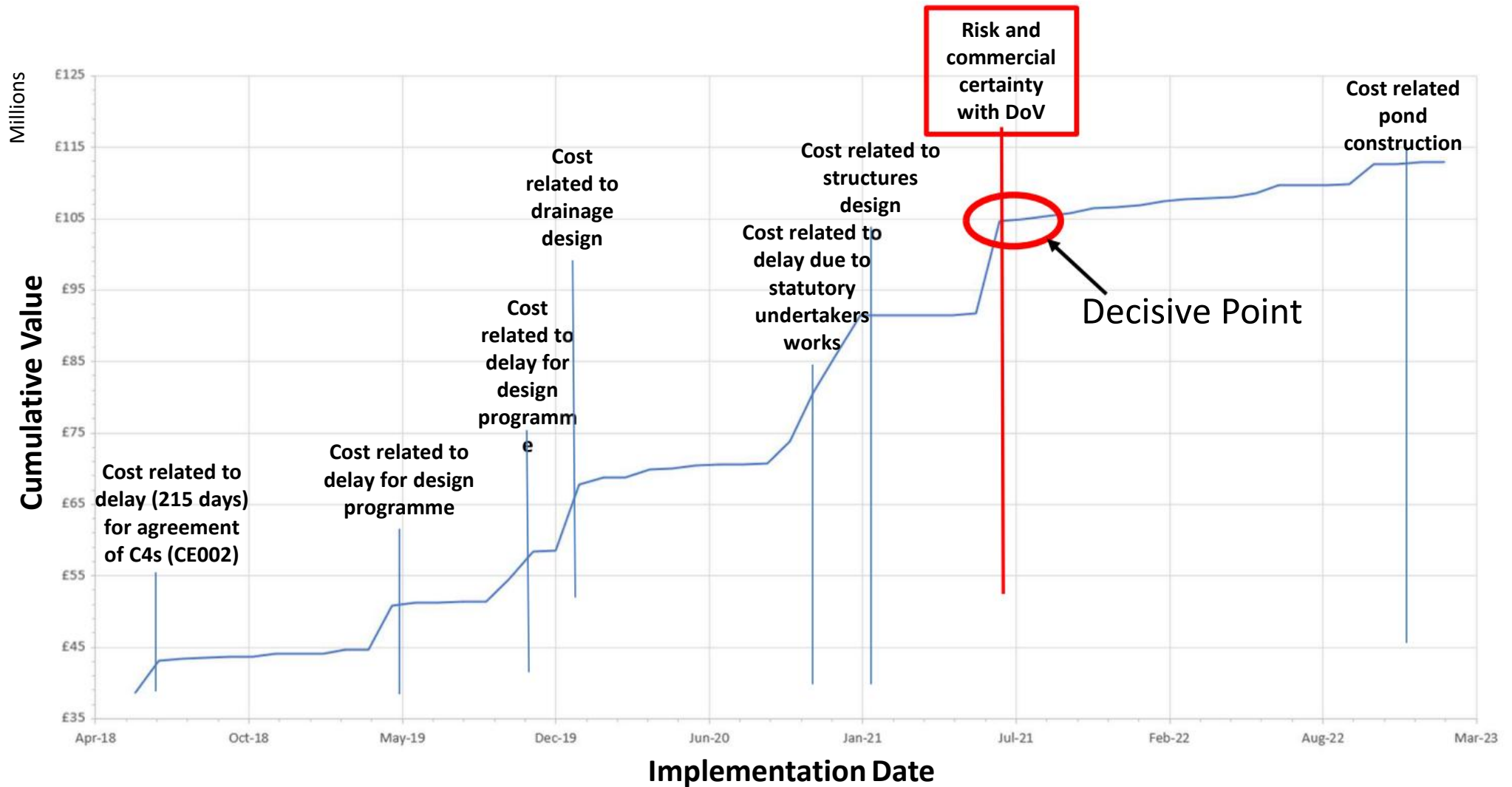
COVID LOCKDOWN
06/01 to 29/03



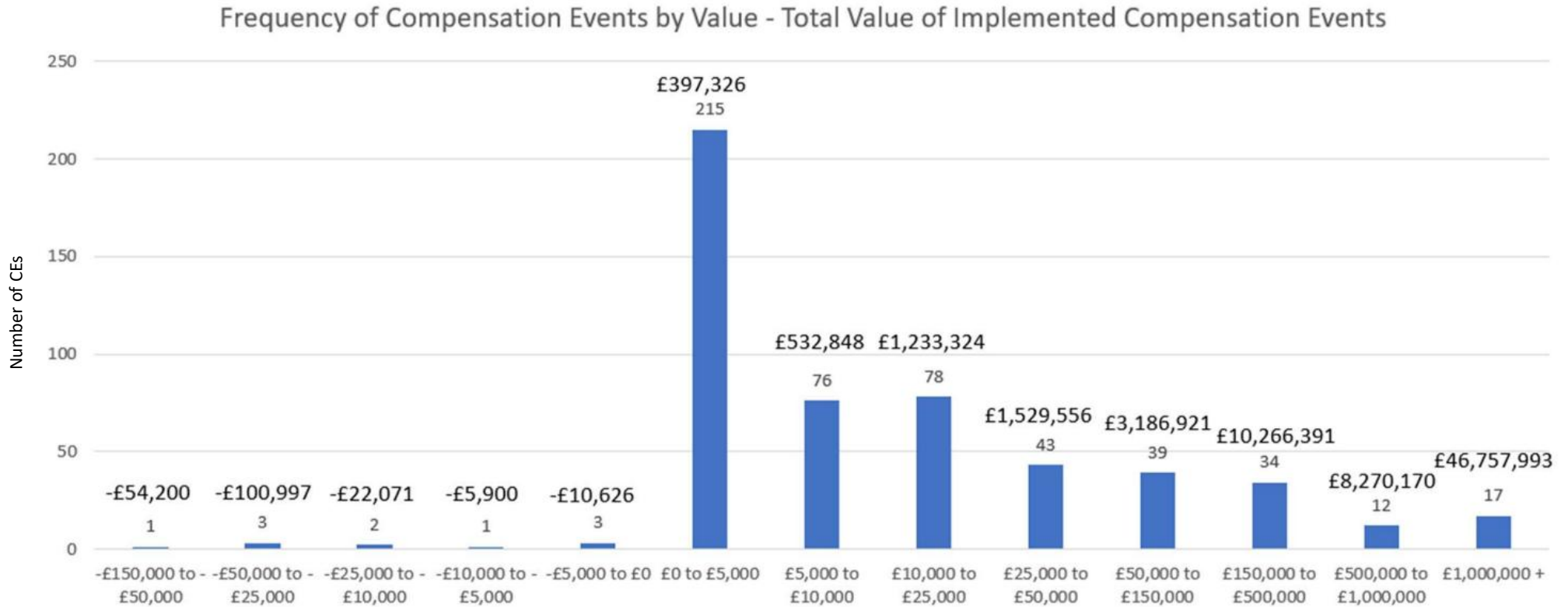
Stages and Cumulative Expenditure Graph



Cost Chart – Drivers of Change



Cost Chart – Frequency of Compensation Events by Value



Note: In addition 810 No. Quotations are implemented at £0

Lessons Learned

Reflection allows us to learn from our experiences, either good or bad.

- If we don't take the time to reflect on our *Experience* of what did, or didn't go well, then we'll be bound to repeat mistakes or fail to repeat specific behaviours that lead to success.

Regular **Lesson Learned** Sessions have been undertaken from 2021 – 2023.

The following observations have been captured and distilled from all the sessions.

The lessons Learned sessions dealt with the following areas:

- Business and Strategic Case
- Procurement and Tender
- Post Contract and Delivery
 - Completion, Handover and Business as Usual (scheduled for 21/3/2023)

Lessons Learned

Lesson Learned Sessions undertaken annually from 2021 – 2023)

After: Project Improvement Plan (22 October 2020)

The key measures from the Project Improvement Plan (PIP) that had the greatest positive impact on the project: (May 2022 Lessons Learned Session)

Greater collaboration Change in NEC pm Making Thurrock aware of real reasons for overruns

PM Change - NEC savvy RACI and Org AECOM Commercial team

1. DoV reduced backlog of change. 2. More improved resourcing & inclusion of key roles such as a planner. 3. Opportunity to look forward rather than back.

A greater understanding of the expected role was obtained from the client. Appreciation of the scope of the works to be undertaken by AECOM. High level review across all parties to resolve and discuss issues.

Level of resource, capability of resource, better working processes.

-Better resource - experienced PM - DoV being agreed and signed

Changes in AECOM resourcing, positive collaboration between Employer and Contractor teams and the DoV agreement.

Clearer R&Rs Additional resource to manage the contract (management, programme and supervision)

Shared information on the original project, and its issues. Setting a baseline. Improved openness in the team.

From an outside perspective joining when the Project Improvement plan was implemented it was clear that greater site resource had been required and this had a positive effect on the on site works and providing a fresh set of eyes from both quality and safety perspectives. Additionally the new project manager with an outside perspective with the determination of working collaboratively with the contractor appeared to help.

Lessons Learned (Lesson Learned Sessions undertaken annually from 2021 – 2023)

Question to all participants:

- What are the key takeaways to take from this project and implement / influence in your next highways scheme or infrastructure project?

Clearer procurement strategy Competent NEC PM Drive collaboration into project at all stages

Project Setup period - Design + Consultant team Clarity on Skillsets and Experience Robust Governance and Change Control

1. Greater involvement in the procurement / tendering phase. 2. Clear contract documentation from the outset to minimise conflict. 3. Have a defined scope to reduce change.

Ensuring the scope of the works is fully understood by all parties. Ensuring that appropriate levels for discussion are maintained. A greater understanding of the stages that the scheme is to pass through.

Better coordination of procurement of different suppliers. Get the right level of resource capability. Agree contract management processes and reporting drumbeat.

- Have the right / good amount of resource from the start - where possible - Have a finished design (mainly if Option C) - Have a clear file storage system for all docs / original contracts

Better collaboration with Contractor, Suitable PM team for the scheme and design maturity.

Regular auditing early on in the project.

Fix scope, get right team doing the right things at right time by teamwork

RACI matrix/R&Rs Important of procurement strategy Level of design maturity required

Thorough checking process / gateways agreed up front. Clarity of scope.

Agree more robust ITP plans at the outset with greater responsibility on the contractor to notify inspections to the supervisors team with ramifications if they do not comply with this requirement. This could greatly decrease the number of defects. Collaborative working is the most important aspect of progressing works and any challenges with this aspect of the construction process should be ironed out and rectified where possible.

Lessons Learned *(Key Take aways)*

1. The Project original contract let sum did not take into account the level of change and risk residing within the scope at the time of appointing the Contractor, as captured in Lesson Learned sessions
2. The project was lacking in areas at time in terms of governance and behaviours. Addressed by intervention & measures implemented as demonstrated by the information within this pack
3. Covid-19 had a substantial impact on the scheme, not only in cost and programme, also in lack of experience for all parties (1st time event), exacerbating already troubled Project Team relationships
4. Once robust governance and controls were established, Regular audits and KPI's for reporting agreed, the controls and performance improved noticeably
5. Robust Gateways not evidenced in early stages (See
6. The scheme out turn cost would have been substantially higher if a scheme reset had not taken place (DoV - Dec 2020). This intervention yielded great benefits and off-set the potential lack of value gained due to lack of robust controls and governance prior to December 2019
7. The ultimate out turn cost is a fair representation of what the scheme value is, due to the many challenges, level of change and commercial shortcomings identified in the Lesson Learned sessions.
8. Ensure funding constraints don't lead to optimism bias / group think. Independent review required.

Lessons Learned (Key lessons to be implemented in future schemes)

Stage Gate / Gateway Reviews / Robust Gateways not evidenced in early stages. Recommended

#	Classification	Definition
1	Governance	Recommendations related to the oversight, structure and decision making of a project. This theme also includes recommendations relating to alignment with pan-government priorities, strategies and controls.
2	Stakeholder Management	Recommendations related to relationships with all parties with an interest in the outcome of the project, whether internal to the agency, internal to government or external.
3	Programme and Project Management	Recommendations related to all aspects of project, programme and portfolio management, but excludes recommendations on Risk, Issues and Dependency Management (Theme 9) and Resource Management (Theme 10)
4	Change Management & Transition	Recommendations related to the Management of Business Change – all the work required with and in the business and with the customer to make ready for the initiative, in terms of changes to business processes including: business continuity planning, changes to work processes and resourcing, changes to organisational structures and staffing to support transformational or process changes to business delivery to ensure a smooth transition to PAM. It does not include Technology Readiness for Services (Theme 12)
5	Financial Planning and Management	Recommendations related to financial planning, organising, directing and controlling of financial activities.
6	Benefits Management & Realisation	Recommendations related to the identification, ownership, measurement and realisation of benefits and dis-benefits. Benefits can be either financial or non-financial.
7	Commercial Strategy & Management	Recommendations related to the end-to-end procurement process including: Procurement strategy and planning, Approaches to the market, Contract negotiation and Contract management.
8	Context, Aim & Scope	Recommendations that are aimed at the clarity of the change to be implemented. It covers alignment to vision, strategy and policy; the purpose, objectives, justification and description of the change; and the determination of success and the necessary environment to ensure success.
9	Risk, Issues & Dependency Management	Recommendations related to the identification, analysis, impact assessment, response and the on-going review and management of Risks, Issues and Dependencies (i.e. outputs that are required by a project to succeed, but which will be delivered by parties not under the direct control of the project).
10	Resource & Skills Management	Recommendations related to all aspects of the identification, supply, optimisation, prioritisation and maintenance of resources and appropriate skills.
11	Knowledge Management	Recommendations related to the process of capturing, developing, sharing, and effectively using organizational knowledge. It includes sharing knowledge and experiences or Lessons Learnt.
12	Technology	Recommendations related to all technology issues, including the alignment of the technology solution to the technology and business strategy, the integration of one or more technology solutions, the operational readiness of the solution (including testing of the solution), and all aspects of security relating to the technology solution.
13	Other	To be used only when other classifications do not apply.

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1002373/Guide_to_Preparing_an_Assurance_Review_Report_Version_1_2021_-_1_docx

Lessons Learned (Key lessons to be implemented in future schemes)

1. Review *Lessons Learned* for EVERY stage (From Concept, Feasibility etc - A standing Agenda Item)
2. Early Site / Ground Investigations (risk is greatest below ground / utilities / environmental)
3. Design maturity to provide acceptable level of Cost Certainty at appropriate stage
4. Buildability risk & issues to be reviewed robustly, with appropriate contingency allowances
5. Scope / Works Information, Design fixity, Site Conditions and Constraints clearly defined
6. Earliest identification of expertise required in RACI, implement / develop robust governance
7. Develop robust Interface management plan (Utilities, services, clash detection, risk and mitigation)
8. Risk Register, Contingency and Optimism Bias factored in commercially as soon as possible
9. Procurement Strategy clear with route to market (i.e., Form of contract /appropriate risk allocation)
10. Planning / Briefing / Kick-off / Refresh Workshops throughout to manage stakeholder expectations
11. Adopt appropriate tools (collaborative administrative software) to manage information and reporting requirements and to facilitate more robust decisions. Online platform: 1 version of truth
12. Establish project drumbeat (clear meeting/s and reporting strategy for life of project)

Appendix C: Key Lessons Learnt

Clearer procurement strategy. Competent NEC PM Drive collaboration into project at all stages
Project Setup period - Design + Consultant team Clarity on Skillsets and Experience Robust Governance and Change Control
1. Greater involvement in the procurement / tendering phase. 2. Clear contract documentation from the outset to minimise conflict. 3. Have a defined scope to reduce change.
Ensuring the scope of the works is fully understood by all parties. Ensuring that appropriate levels for discussion are maintained. A greater understanding of the stages that the scheme is to pass through.
Better coordination of procurement of different suppliers. Get the right level of resource capability. Agree contract management processes and reporting drumbeat.
Have the right / good amount of resource from the start - where possible - Have a finished design (mainly if Option C) - Have a clear file storage system for all docs / original contracts.
Better collaboration with Contractor, Suitable PM team for the scheme and design maturity.
Regular auditing early on in the project.
Fix scope, get right team doing the right things at right time by teamwork.
RACI matrix/R&Rs Important of procurement strategy Level of design maturity required.
Thorough checking process / gateways agreed up front. Clarity of scope.
Agree more robust ITP plans at the outset with greater responsibility on the contractor to notify inspections to the supervisors team with ramifications if they do not comply with this requirement. This could greatly decrease the number of defects. Collaborative working is the most important aspect of progressing works and any challenges with this aspect of the construction process should be ironed out and rectified where possible.

Key Takeaways:

1. The Project original contract let sum did not consider the level of change and risk residing within the scope at the time of appointing the Contractor, as captured in Lesson Learnt sessions.
2. The project was lacking in areas at time in terms of governance and behaviours. Addressed by intervention & measures implemented.
3. Covid-19 had a substantial impact on the scheme, not only in cost and programme, also in lack of experience for all parties (1st time event), exacerbating already troubled Project Team relationships.
4. Once robust governance and controls were established, Regular audits and KPI's for reporting agreed, the controls and performance improved noticeably.
5. Robust Gateways not evidenced in early stages.
6. The scheme out turn cost would have been substantially higher if a scheme reset had not taken place (DoV - Dec 2020). This intervention yielded great benefits and off-set the potential lack of value gained due to lack of robust controls and governance prior to December 2019.
7. The ultimate out turn cost is a fair representation of what the scheme value is, due to the many challenges, level of change and commercial shortcomings identified in the Lesson Learnt sessions.
8. Ensure funding constraints don't lead to optimism bias / group think. Independent review required.

Forward Plan reference number: FP/AB/668

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 Leslie Rickerby, SELEP Capital Programme Officer	
Meeting date: 22 September 2023	For: Information
Enquiries to: leslie.rickerby@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 report 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. **Note** the update on project delivery set out within this report.
 - 2.1.2. **Note** that a further update on delivery of the Project and the status of the required Business Case will be brought to the November 2023 Board meeting.

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 Train station.
 - 3.1.2. Expand capacity at Stanford-le-Hope Train Station.
 - 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/Thames Enterprise Park.
 - 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 **Page 244 of 269** 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 passengers 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 would 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 current budget for both phases of the Project. The ability to deliver the Project within this budget is subject to confirmation as costs for Phase 1 and 2 of the Project are verified.
- 3.6. Due to the scale of cost increase identified between 2017 and 2021 (£17.04m), 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.
- 3.7. At the September 2022 meeting, the Board was advised that an updated Business Case had been received by SELEP incorporating a new approach for Phase 2 of the Project. 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. Considering this, the Board agreed that the LGF funding could be retained against the Project to:
 - 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. It was agreed during the June 2023 Board meeting that the updated Business Case for the Project could 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.

3.9. 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 of the Project until there was greater certainty around Phase 2 design and costs. As work on Phase 2 has progressed some initial work around Phase 1 is now being undertaken.

Phase 1

4.2. Phase 1 has seen ongoing work preceding reactivation with the following workstreams:

4.2.1. Design review with c2c the train operators taking into consideration changes over time of travel trends, employee behaviours and increased automation including the possible government plans to remove ticket offices (subject to public consultation and final decision).

4.2.2. Discussions with Network Rail and c2c on concluding Governance for Railway Investment Projects (GRIP) Stage 4 (Single Option Development) and progressing to GRIP Stage 5 - (Detailed Design) by splitting the entire project into work packages like restoring the gateline as initial works.

4.2.3. Working with legal and procurement to identify procurement options for the design and construction of Phase 1. One of the options is to reappoint AECOM (who obtained planning permission in July 2021) and they have been requested to give a fees proposal including timescales to develop the design further.

Phase 2

4.3. AECOM has completed Stage 1 of the design process by submitting 3 design options (attached as Appendix B) which were reviewed by internal/external stakeholders and a preferred option, Option 2, was selected.

4.3.1. Option 1: A mobility Hub with no onsite bus turnaround facilities which does not meet most of the technical requirements and benefits in the original Business Case.

4.3.2. Option 2: A multi-modal transport interchange with onsite bus turnaround facilities, car parking, cycle parking, bus shelter etc. Most of the technical requirements and benefits in the original Business Case are met within the lower flood risk zone area and this is a more affordable option compared with Option 3.

4.3.3. Option 3: A multi-modal transport interchange with a combined single entrance and onsite bus turnaround facilities. Some of the technical requirements are in the high flood risk areas and intrude into the higher level of land making it undeliverable construction wise due to difference of about one floor height. It also requires land owned by Network Rail which cannot be transferred as replacement land is not available for statutory operational requirement use.

4.4. AECOM are progressing the preferred design option for the submission of a planning application in October 2023. Page 243 of 289

- 4.5. Surveys required for the planning application including ecology, topography, transport assessment, pedestrian flow and hydraulic modelling are either completed or ongoing. The site is located adjacent to Mucking Creek and an area of Flood Zone 2 is located within the application site based on the Environment Agency's flood map for planning and therefore early engagement with the Environment Agency has been undertaken.
- 4.6. The existing Stakeholder Group, Project Board and related council teams are being engaged to provide oversight of this design development.

Business Case

- 4.7. In parallel to the design development by AECOM, a supplier has been appointed to produce the updated Business Case for consideration by the Board in February 2024. As detailed in Table 3, the first draft of the revised Business Case has been received by Thurrock Council.
- 4.8. The updated programme (Table 3) below sets out the timeline for delivering the Planning submission for Phase 2 of the Project and other workstreams – Business Case and Phase 1.
- 4.9. 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. However, a draft Business Case will be communicated for Independent Technical Evaluation after initial review by Thurrock Council.

Financial Update

- 4.10. The expenditure breakdown in Table 1 below sets out project spend to date. Future costs may vary significantly, subject to design development, specification, phasing and prevailing market conditions. Future profiling is currently estimated and will be subject to review in the Business Case to reflect any revised build programme.
- 4.11. The remaining budget to deliver the design costs for Phase 2 and the complete build costs for both Phases is £15.6m. Preliminary costs for the 3 design options of Phase 2 have been provided and an update on costs for Phase 1 has been completed, but the costs at this stage are high level, untested and for guidance only, in order to provide an indication of potential construction costs. The preliminary estimates indicate that the remaining budget allocation will be challenging to deliver the whole scheme outputs and additional funding may be required.

Table 1. 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	Expected Spend 2025/26	Total
Thurrock Council Capital	3.453	4.007	5.26	3	15.72
LGF	7.5	0	0	0	7.50
C2c/NSIP	0.74	2	1.047	0	3.79
DP World	0	0.55	0	0	0.55
S.106	1.533	0	0	0	1.53
Total	13.226	6.557	6.307	3	29.09

5. RAG Risk Rating

Table 2: RAG Risk Assessment

Risk	RAG rating (June 2023)	Change since last Board meeting	Current RAG rating (September 2023)	Progress & Actions
Delay in deciding the option for Phase 2 will delay the costings required for inclusion in the updated Business Case	Red	↓	Green	Option 2 selected at stakeholder workshop of 7 June 2023 and AECOM progressing to planning.
Existing funding is insufficient to deliver the design for Phase 2 and construction of Phases 1 and 2	Red	→	Red	Preliminary costs estimate for the 3 design options have been received and Phase 1 costs updated identifying a funding gap and alternative funding sources are being explored.
Delays from getting sign off for statutory approvals from Network Rail and c2c for proposed works on their land. The knock-on effect would be delays to the delivery programmes of Phases 1 and 2.	Amber	→	Amber	Ongoing early engagement with Network Rail and c2c to ensure timely grant of any required statutory approvals.
Increasing costs of project delivery due to further delays and inflationary pressures.	Red	↓	Amber	Completion of the Phase 2 preferred Option 2 to planning will enable the team to update preliminary costs. Phase 1 project delivery/design review for cost saving/value engineering opportunities and seek additional funding options.
Some stakeholders object to Phase 2 planning application.	Amber	→	Amber	Early and ongoing stakeholder engagement.

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<p>Managing the interdependency of the construction phases 1 & 2 due to existing site constraints.</p>	<p>Amber</p>		<p>Amber</p>	<p>Construction Planning starting with enabling works in Phase 2 so Phase 1 can use the proposed transport Interchange as construction site. When Phase 1 is completed then Phase 2 construction can progress to completion</p>
<p>The risk of not starting construction of Phase 1 before planning permission expires in July 2024 resulting in the need for a new planning application to be prepared.</p>	<p>New risk</p>		<p>Amber</p>	<p>Work with c2c and Network Rail and AECOM to ensure planned phased construction commences before July 2024</p>

Table 3: Milestone Risk Assessment

	Milestone Completion Date (June 2023)	Milestone Completion Date (September 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	June 2023	June 2023	Green	100% complete in June 2023, where 3 design options were presented to Thurrock Council by AECOM.
Appointment of Consultant for preparation of the Business Case	June 2023	June 2023	Green	100% complete. On 30 June 2023, the supplier had an introductory meeting with AECOM and required documents have been made available to them for the exercise.
Early Contractor Involvement (ECI) Phase 1	June 2023	September 2023	Amber	Compliant procurement routes are being explored.
Stakeholder Engagement Workshop to select preferred option	7 June 2023	June 2023	Green	100% complete. Stakeholder Engagement Workshop was held on 7 June 2023 and Preferred Option 2 was selected.
Appointment of Cost Consultant to provide preliminary cost estimates of Phases 1 and 2.	June 2023	June 2023	Green	100% completed. Cost Consultant appointed to provide preliminary cost estimates for Phase 2 design options and update of Phase 1 costs.
Submission of Costs estimates for Phases 1 and 2	July 2023	July 2023	Green	100% completed with costs for Phases 1 and 2 communicated for input in the revised Business Case.
Preparation of preferred option for planning	July 2023	August/September 2023	Amber	Ongoing 75% complete. Surveys completed or scheduled: ecology, topographic, transport assessment, flood risk assessment and hydraulic modelling etc.
Pre-Planning Application meetings	July 2023	August 2023	Amber	100% complete with Pre-planning application meeting held 30 August 2023.

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Production of draft Business Case	August 2023	August 2023	Green	100% complete with required information communicated such as the original business case, travel plans, design options and costs of Phases 1 and 2 etc.
Early consultation with statutory consultees on the emerging planning application	August 2023	September 2023	Amber	50% complete with meeting with Environmental Agency on 16 August 2023 to de-risk the planning application. An approach regarding flood risk and hydraulic modelling was agreed which has reduced the risk element of the Phase 2 preliminary costs.
Submission of full Planning Application for Phase 2	October 2023	October 2023	Green	50% completed by AECOM who are working towards submission of the planning application in October 2023.
Scheme sign off by Thurrock Council Cabinet	11 October 2023	11 October 2023	Green	Draft cabinet report completed but awaiting appendices including the updated Business Case.
Submission of Business Case to SELEP for ITE evaluation	29 November 2023	29 November 2023	Green	Submission of the draft Business Case is scheduled for September 2023.
Reactivate Phase 1	New Milestone	December 2023		Ongoing with c2c, Network Rail, AECOM and Thurrock Council Procurement with efforts to re-engage external legal resource.
Start procurement for detailed design to construction of Phases 1 and 2	New Milestone	January 2024		This milestone is subject to planning permission being granted and sufficient funding.
Business Case considered by the Board	February 2024	February 2024	Green	This remains a target date although Thurrock Council is working towards an earlier completion date.
Phase 2 Enabling works commence	New Milestone	March 2024		The enabling works will allow Council owned site to be utilised as the construction site for Phase 1.
Phase 1 Construction works start on site	New Milestone	May 2024		Deadline of July 2024 to commence construction of Phase 1 with current

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				planning approval which expires in July 2024
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6. Next Steps

Phase 1

- 6.1. A delivery proposal requested from AECOM to complete GRIP 4 and progress to GRIP 5 onwards.
- 6.2. Ongoing design review with cost reduction opportunities of the approved planning drawings between the AECOM design team, c2c and Network Rail taking into consideration recent government guidelines on ticketless stations in preparation for moving from GRIP 4 to GRIP 5 (detailed design) onwards to construction.
- 6.3. Ongoing work with legal and procurement colleagues to identify and select the procurement route for design and construction of Phase 1 splitting the work packages into enabling works/construction design and main contract works including early contractor involvement to reduce the high contractor risk which was the main issue in the last attempt.

Phase 2

- 6.4. AECOM developing the selected, preferred single option to full Planning application submission.
- 6.5. Cost plan of the planning design submission with value engineering focus to reduce gap funding from limited existing budget. In parallel the updated Business Case will be developed for submission to Thurrock Council, Independent Technical Evaluator and SELEP.

7. SELEP Comments

- 7.1. This report provides an update on the delivery of the Project including details on planned submission of a planning application for Phase 2 of the Project, reactivation plans for Phase 1 and progress towards submission of the required updated Business Case to SELEP.
- 7.2. The Board has previously been updated on matters related to the Best Value Inspection that took place during 2022/23. The Board were advised at the March 2023 meeting that early work submitted to the Secretary of State concluded that Thurrock Council was not meeting its Best Value Duty generally across the Council, both in terms of its known financial issues, and in relation to its governance and staffing functions. This has been borne out by the final Best Value Inspection report which can be viewed [here](#).
- 7.3. While work has progressed to address key areas of concern, there are still several uncertainties surrounding the Project including a lack of up-to-date costings, overall affordability and sources of additional funding if required. This level of uncertainty creates a concern regarding the Business Case currently being prepared, especially as the Project has been in a similar position before where the previous revised Business Case was not sufficiently robust. Furthermore, if the Business Case is not sufficiently detailed or if the deadline for submission for the February 2024 Board meeting 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).
- 7.4. Planning permission for Phase 1 of the Project was granted in July 2021 with a three year timeframe for works to commence. As a result of the project delays, there is currently a risk

that the construction of Phase 1 will not begin before the expiration of this period in July 2024, in which case a new planning application would be prepared which would delay the Project further. The current schedule outlines the commencement of design and build procurement in January 2024 and construction start onsite in May 2024 which seems to be a very challenging timeframe given the current status of Phase 1.

- 7.5. The report sets out that the remaining budget envelope available for delivery of both Phases of the project stands at £15.6m. Although preliminary cost estimates have been calculated, it is currently not possible to gauge whether this will be sufficient for project delivery due both to ongoing design considerations around Phase 2 and the re-evaluation of the projected costings for Phase 1. The report indicates that work has been carried out to determine these costs and that the initial view is that delivery of outputs may be challenging and that gap funding may be required, although this position could change depending on the findings of the ongoing surveys.
- 7.6. In view of the current uncertainty regarding the Project finances, assuring value for money is an ongoing concern and it is therefore important to reiterate that full and accurate costings will need to be included in the revised Business Case, alongside confirmation that a full funding package is in place to support delivery of the Project.
- 7.7. SELEP has concerns around the potential need for additional funding, if this were to be needed, and how this might be secured. If additional funding is required but cannot be secured, then this poses a substantial risk to completion of the Project and the Board may 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.
- 7.8. 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 is expected to be in place until March 2024.
- 7.9. 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 now been extended on multiple occasions. Most recently, at the June 2023 meeting, the Board agreed that an updated Business Case could be submitted for consideration at the February 2024 Board meeting. The February 2024 date must be achieved in order to avoid removal of the Project from the LGF programme and return of the LGF funding. 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 recent Budget announcement.
- 7.10. 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 Grant Agreement.
- 7.11. Recent activity as outlined in this report indicates progress towards addressing key areas of delay and concern:

- 7.11.1. AECOM have completed Stage 1 of the site design process for Phase 2 of the Project and a preferred option has now been approved at the recent Stakeholder Engagement Workshop. AECOM are now progressing the preferred design option and cost plan.
 - 7.11.2. Updated costs for Phase 1 and the three Phase 2 design options have been completed.
 - 7.11.3. A consultant has been appointed to produce the updated Business Case. Work to complete has progressed well during August 2023 and the first draft of the Business Case was submitted to Thurrock Council in September 2023.
 - 7.11.4. Work on Phase 1 across various workstreams (albeit prior to formal reactivation) is a positive step to bringing the overall project back on track.
- 7.12. The report outlines that a number of surveys are required to inform part of the planning application. While there has been promising engagement with the Environment Agency already, it is important that consultation continues to avoid a delay of the planning application submission in October 2023.
- 7.13. An update on progress towards submission of both the planning application for Phase 2 of the Project and the updated Business Case, as well as reactivation plans for Phase 1, will be provided at the November 2023 Board 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 present affordability challenges and 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 SLAs 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.

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 - LGF Project Background information

11.2. Appendix B - Phase 2 Design Options

(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
<p>Accountable Body sign off</p> <p>Michael Neumann</p> <p>(on behalf of Nicole Wood, S151 Officer, Essex County Council)</p>	<p>14/09/2023</p>

Appendix A - LGF Project Background Information

Name of Project	London Gateway/Stanford Le Hope Thurrock Council
Local Growth Fund allocation	£7.5m (awarded February 2017)
Description of what Project delivers	<p>On the north banks of the Thames Estuary in Stanford-le-Hope, Essex, London Gateway is the U.K's newest and most technologically advanced deep sea container port catering for global shipping. Once fully developed, London Gateway shall comprise six deep sea shipping berths alongside the logistics park. The London Gateway Logistics Park offers convenient, modern warehousing space on a campus the size of 400 football pitches, the largest of its kind in Europe, with 9.25 million sq ft of available warehousing space. Adjoining the London Gateway port, the Thames Enterprise Park project aims to refurbish part of the closed Coryton oil refinery. This will provide over 3.7 million sq. ft of development space for manufacturing, energy and logistics operations creating new jobs for the local area.</p> <p>In total, London Gateway and the Thames Enterprise Park are anticipated to generate approximately 18,982 direct jobs (on-site) with a further 14,183 indirect jobs created within supply chains. (Source – Thurrock Council).</p> <p>Currently, three port berths are operational at London Gateway, however DP World announced in September 2021 that works were to begin on a new fourth berth to increase supply chain resilience and create more capacity for the world's largest vessels.</p> <p>DP World London Gateway is remote from the Thurrock Urban Area and accessibility will be an issue for prospective employees without access to a car. Ensuring a sufficient labour supply and good job/skills matching will be critical for not only realising the growth but sustaining the jobs in the long term by maximising productivity. It is therefore necessary to ensure that high quality accessibility is provided by non-car means through better bus facilities in Stanford-le-Hope and high-quality rail/bus integration to attract employees. In addition, good quality passenger transport facilities and bus/rail integration will be necessary to achieve the modal split targets for the development.</p> <p>Since the original business case submission in 2017, the Thames Freeport has been created in December 2021, this is an economic zone connecting Ford's Dagenham engine plant to the global ports at London Gateway and Tilbury. The Freeport can secure more than</p>

£1 billion in new port infrastructure and more than 21,000 new direct and indirect jobs on its estate.

The original business case scope included a new multi-modal Interchange on the station forecourt though this did not proceed due to feasibility and cost constraints. An alternative multi-modal interchange is being considered on the opposite side of London Road in the existing station car park and land adjacent to it.

This included car passenger drop off positions, taxi rank positions, 84 secure cycle parking spaces, 2 drop off positions and 1 pickup position for a bus with waiting facilities.

Due to the complexities of delivery the project as set out in the Business Case has been split into 2 phases:

Phase 1 - Station buildings – The development of new station buildings providing the following key facilities to support passenger growth.

- Modular canopy structures covering prefabricated station buildings
- Passenger toilets
- Commercial retail facility
- Widened Platform 1
- Passenger footbridge with lifts
- Level access from London Road to both station buildings and to the platforms
- Real-time Customer Information System

Phase 2 - Mobility Hub and Shuttle Bus

A new mobility hub is to be constructed on the opposite side of London Road to the station, integrated into the existing station car park and adjacent vacant Council owned site. The new hub is to include the following key facilities to support transport interchange:

- 84 secure cycle parking spaces
- Provision for electric pedal bike hire scheme and charging points
- Car passenger drop off positions
- Bus interchange capacity
- Taxi rank positions

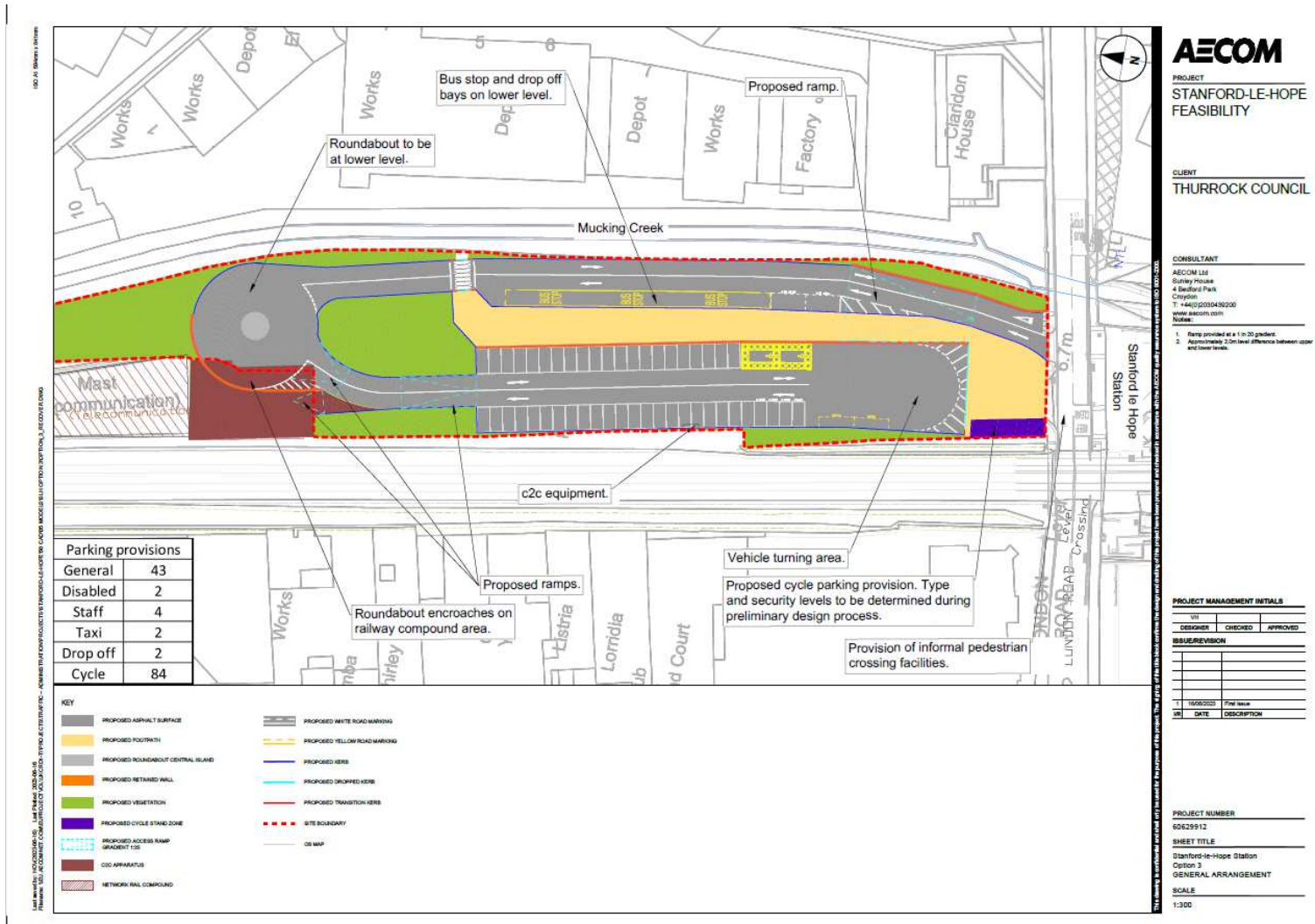
Initial feasibility studies have identified a number of space and traffic issues that will need to be addressed in the design process to accommodate the integration of the dedicated DP World shuttle bus stop into the mobility hub design. It is anticipated that the future integration of the adjacent development sites will provide a long-term design solution.

<p>Project benefits</p>	<p>The scope of the project is to provide new station buildings including a footbridge with lifts, mobility hub on London Road opposite the station including and a dedicated DP World shuttle bus stop, that will:</p> <ul style="list-style-type: none"> • Provide a mobility hub and dedicated shuttle bus interchange to support the existing London Gateway Travel Plan and future Thames Enterprise Park Travel Plan. • Provide additional passenger capacity at the station to accommodate local growth in jobs and housing • Provide a new station building that improves the perceptions of Stanford-le-Hope station
<p>Project constraints</p>	<ul style="list-style-type: none"> • Contract negotiations for Phase 1 have failed to secure a contractor and the phase was temporarily paused. A contractor still needs to be procured however some works have been carried out recently, prior to reactivation. • Planning Permission is not in place for all elements of the project (Phase 2). • Work is ongoing to confirm that a full funding package is in place. • An updated Business Case is required to confirm that the Project continues to offer High Value for Money and that delivery of benefits as set out in the original Business Case remains realistic, following a substantial increase in project costs. An updated Business Case was provided but, based on the information provided, the ITE was unable to assure that the project continues to offer High value for money. As such, a second revision is required and is currently scheduled for submission to SELEP in November 2023.
<p>Link to Project page on the website with full Business Case</p>	<p>https://www.southeastlep.com/project/london-gateway-stanford-le-hope/</p>

STANFORD-LE-HOPE TRANSPORT INTERCHANGE

APPENDIX B - DESIGN OPTIONS

OPTION 3



Report title: Beaulieu Park Station LGF Project Update	
Report to: Accountability Board	
Report author: Gary Macdonnell, Network Coordinator, Essex County Council and Leslie Rickerby, SELEP Capital Programme Officer	
Meeting date: 22 September 2023	For: Information
Enquiries to: leslie.rickerby@southeastlep.com	
SELEP Partner Authority affected: Essex	

1. Purpose of report

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

2. Recommendations

- 2.1. The Board is asked to:
 - 2.1.1. **Note** the update on the Project and the risks to project delivery which have been identified.
 - 2.1.2. **Note** a further update on the Project will be brought to the November 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 3 July 2020 that slippage of £12m LGF spend on the Project to 2025/26 would be accepted. This extension to LGF spend was agreed due to Essex County Council's successful application for Housing Infrastructure Fund (HIF) funding to support project delivery and the tight timelines for spend applied to this funding.
- 3.3. As referenced above, a substantial amount of the funding for project delivery has been secured through the HIF, administered by the Department for Levelling Up, Housing and Communities (DLUHC). Essex County Council has entered into a comprehensive Grant Determination Agreement (GDA) with Homes England in relation to the HIF funding. The

GDA sets out the terms of the funding and the deliverables for the Project including various warranties, conditions precedent and milestone dates that must be achieved by Essex County Council in order for the funding to be released. There are defined processes within the GDA that allow the contract conditions to be varied, subject to the agreement of Homes England.

- 3.4. The GDA covers the total amount of HIF funding secured by Essex County Council for delivery of Beaulieu Park Station (the Project) and for the Chelmsford North-East Bypass project from a bid submitted in March 2019. 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 GDA joins the Beaulieu Park Station (the Project) and Chelmsford North-East Bypass projects together, which means that if one of the projects fails, Homes England could terminate the agreement and withdraw any unclaimed funding. 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.

4. Project Update and Closure of Recent Key Risks

- 4.1. Work to deliver the Project started on site on 4 January 2023. Work has progressed in line with the project programme and the station is due to open, as planned, in 2025. Several factors have increased the costs of the Project by £15.9m. The total cost of delivering the Project now stands at £173m. The latest Essex County Council Cabinet Member Approval (CMA) report seeking approval to enter into contract with Network Rail can be found [here](#).

HIF Funding and links to the Chelmsford North-East Bypass

- 4.2. The Project is allied to the 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 GDA.
- 4.3. It has been necessary to extend the time for the delivery of the Bypass and agree it can be delivered in phases as the arrangements set out in the GDA are not possible. Owing to this, Essex County Council received notification from Homes England that it was in default of the GDA in October 2022.
- 4.4. Essex County Council officers have been working with Homes England to rectify the default. Essex County Council submitted a proposal in June 2023 with the main change seeking permission for a phased delivery of Chelmsford North-East Bypass (with the first phase, Section 1A, being delivered by 2026, representing an increase in time allowed from the original GDA).
- 4.5. Essex County Council received confirmation from Homes England on 27 July 2023 that this proposal was acceptable for rectification of the default and the Council will now enter into a Deed of Variation to the GDA to formally record the agreement.
- 4.6. In addition to the agreement for phased delivery of the Bypass, Homes England also agreed to increase the HIF grant by £7.5m to cover part of the cost increases on the Project.

Second Implementation Agreement

- 4.7. 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. The second Implementation Agreement was due to be in place by the end of March 2023. The second Implementation Agreement was completed on 1 August 2023. This allowed Network Rail to complete the construction contracts with the contractor, J Murphy & Sons Ltd on the 14 August. The risks associated with this delay, mainly the potential for delays to crucial track possessions over the upcoming Christmas/New Year period were successfully mitigated.

Track Possessions

- 4.8. A key risk reported to the Board was around the requirement for a number of track possessions needing to be agreed to allow current work streams to progress. There was uncertainty around track possessions for the critical Christmas/New Year period later this year.
- 4.9. These possessions are critical to the timely delivery of the project. Key slots were programmed for Christmas 2023 and Easter 2024. These were at risk without the signing of the second Implementation Agreement.
- 4.10. This risk has now been mitigated and confirmation received that these slots have been booked and are available for the contractor to carry out crucial railway interventions.

5. Update on Project Costs

- 5.1. The forecast cost for the Project is £173m, which includes the Network Rail risk fee of £1m (which is profiled into 2023/24) and also includes Essex County Council fees and staff time – for example, early-stage design fees. The majority of these staff costs (£700,000) have already been incurred in prior years. The current Capital Programme allocation and funding envelope is £157.07m; however, Homes England have agreed to increase the HIF grant award by £7.5m, meaning that the new funding envelope is £164.57m.
- 5.2. In July 2023 through a CMA Report, it was agreed that £15.9m would be added to the Capital Programme for the Project for the financial year 2025/26, to be funded from the £7.5m additional HIF capital grant, awarded by Homes England, and £8.4m from the Future Capital Funding reserve, pending a review of the Capital Programme.
- 5.3. Essex County Council is required to fund the remaining £8.4m and it has been recommended that this is funded by identifying mitigating reductions across the current Capital Programme through a full capital review to be undertaken in Autumn 2023. Pending this review £8.4m has been earmarked within the Future Capital Funding reserve to ensure that there is a secure funding strategy in the short term.
- 5.4. The Project is being delivered by Network Rail under a New Engineering Contract (NEC) Option E contract which is a cost reimbursable contract with Essex County Council liable to pay all reasonable costs incurred by the contractor. There is currently a risk allocation of £12.062m which represents 7% of the total project cost. This contingency is held by Network Rail to cover potential unforeseen risks. Essex County Council cannot draw on this contingency and therefore it cannot be used to address the £8.4m funding gap. The changes

Beaulieu Park Station LGF Project Update


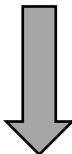
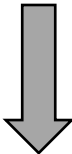
to funding and forecast of the capital scheme requested in relation to Beaulieu Park Station are as follows:

Table 1: Financial Breakdown

Current Forecast	Prior Year Spend	2023/24 Forecast	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	Total
	£000	£000	£000	£000	£000	£000
Beaulieu Park Station	26,314	54,280	74,380	18,040	-	173,014
Total	26,314	54,280	74,380	18,040	-	173,014
HIF Grant Allocation	21,987	54,280	54,337	1,396	-	132,000
SELEP LGF			12,000	-	-	12,000
S106 Contributions	4,327		8,043	8,200	-	20,570
Total Funding	26,314	54,280	74,380	9,596	-	164,570
Unfunded Gap	-	-	-	8,444	-	8,444

6. Project Risks

Table 2: Summary of key project risks and milestones

Risk	RAG rating (June 2023)	Change since last Board meeting	Current RAG rating (September 2023)	Progress & Actions
Confirmation of track possessions required to avoid delivery delays.	Green		Green	Following signing of the second Implementation Agreement, confirmation has been received that these slots have been booked and are available for the contractor to carry out crucial railway interventions. Prior to the signing of the Implementation Agreement, these possessions were scheduled but could not be confirmed.
The HIF GDA jointly covers the Chelmsford North-East Bypass and Beaulieu Park Station projects and requires delivery of both elements to secure drawdown of the funding.	Red		Amber	Essex County Council submitted a proposal in June 2023 and received confirmation from Homes England on 27 July 2023 that this proposal was acceptable. Homes England also agreed to increase the HIF grant by £7.5m. Work is ongoing to complete a Variation to the GDA which will formalise the changes.
Second Implementation Agreement: Essex County Council was required to enter into a second Implementation Agreement to take the Project through to its conclusion.	Red		Green	Essex County Council has entered into the second implementation agreement, signed on 1 August 2023.

Beaulieu Park Station LGF Project Update

<p>Maintaining satisfactory progress on the work during track possessions to avoid delays, associated costs and the need for further periods of possession which are the highest areas of cost to the Project.</p>	<p>Newly Identified Risk</p>	<p>N/A</p>	<p>Amber</p>	<p>The most important possession planned is a proposed nine-day closure of the main line in December 2023/January 2024. The first series of possessions (11) have been completed successfully without any issues reported.</p>
<p>Notice of Default – Essex County Council has been in default since October 2022 and unable to claim back costs on the Project. Whilst the proposals to remove the default have been agreed these are subject to formalisation within a Deed of Variation.</p>	<p>Newly Identified Risk</p>	<p>N/A</p>	<p>Amber</p>	<p>The initial contract conditions have been received from Homes England and are being reviewed. Legal discussions will start imminently and will hopefully reach a satisfactory conclusion by the end of the calendar year.</p>
<p>Level of Contingency - Contingency to cover risks has been included in costings for the station but Essex County Council has not had visibility or control over the application of contingency funds. Whilst the level of contingency is significant Essex County Council will have little control on how it is used. There is a risk that costs escalate beyond the current contingency level.</p>	<p>Newly Identified Risk</p>	<p>N/A</p>	<p>Amber</p>	<p>Network Rail report on use of contingency at project meetings. The Implementation Agreement contains provisions to allow for Essex County Council's visibility (although not control) of the use of contingency funds going forward.</p>

Beaulieu Park Station LGF Project Update

<p>Timescales for Delivery - Homes England have stated that no further extensions beyond the current deadlines of 31 March 2025 (the Project) and 31 March 2026 (Bypass) will be granted. This means that any expenditure unclaimed by that date will have to be funded by Essex County Council.</p>	<p>Newly Identified Risk</p>	<p>N/A</p>	<p>Amber</p>	<p>Essex County Council has actively sought to increase visibility on the key decisions and drivers on how the project progresses and will now be represented at all project progress and risk assessment meetings.</p>
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Beaulieu Park Station LGF Project Update

	Milestone Completion Date (June 2023)	Milestone Completion Date (September 2023)	Change in milestone date (RAG rating)	Commentary (To include: % of milestone achieved to date)
Clarity on progress and links with Chelmsford North East Bypass	September 2023	27 July 2023	Green	100% Complete. Essex County Council submitted a proposal in June 2023 and received agreement in principle from Homes England on 27 July 2023.
Securing approval for track possessions for the Christmas 2023/New Year 2024 period	16 May 2023	27 July 2023	Amber	100% Complete. Confirmation has been received that these slots have been booked and are available for the contractor to carry out crucial railway interventions.
Completion of the signing of the second Implementation Agreement with Network Rail	28 July 2023	1 August 2023	Amber	100% Complete. Signed on 1 August 2023 allowing Network Rail to complete the construction contract with the contractor, J Murphy & Sons Ltd, on 14 August 2023.
Deed of Variation agreed and signed	N/A	November 2023		Ongoing. Essex County Council has received initial letters commencing the process during August 2023 and work is progressing to meet this milestone in November 2023.
Capital Programme Review completed and decision on source of £8.4m of funding required	N/A	November 2023		Ongoing. Dates for the Capital Review are being agreed internally within Essex County Council with a view to determining the funding strategy for the Project by the end of November 2023,
Project completion date	June 2025	June 2025	Green	Ongoing. There is no change to the expected completion date from what was reported to the June 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. Chelmsford North-East Bypass section 1A detailed design and actions for Essex County Council to take control of the land to be significantly progressed, with revised tender documents being produced.
- 7.3. Continuation of the conveyor bridge and silt lagoon works, both key enabling projects for the Bypass. The conveyor bridge is well advanced on site and the silt lagoons need to be procured.
- 7.4. Essex County Council and Homes England to complete the Deed of Variation to formally remove the default on the HIF contract.

8. SELEP Comments

- 8.1. The report advises that there has been good progress towards resolving the key risks that were previously identified:
 - 8.1.1. The changes to the HIF GDA jointly covering the Chelmsford North-East Bypass and Beaulieu Park Station projects to mitigate the default notice have now been agreed in principle;
 - 8.1.2. A second Implementation Agreement with Network Rail has now been signed; and
 - 8.1.3. Track possessions, specifically for the December 2023/January 2024 have been fully secured. These were at risk prior to the signing of the second Implementation Agreement but have now been confirmed.
- 8.2. These are positive steps in moving the Project forward, however, the HIF Deed of Variation will still need to be formally signed before the risk associated with the HIF can be considered to be fully resolved. Currently, there is still a risk that this may not be realised.
- 8.3. As reported previously, there is still a significant risk surrounding the contractual arrangement in relation to the HIF funding which has been secured by Essex County Council. The GDA with Homes England links the Project and the Chelmsford North East Bypass project, which means if one project fails, Homes England could terminate the agreement and withdraw any unclaimed funding.
- 8.4. Satisfactory progress on the work during the track possession periods needs to be maintained in order to avoid potential cost escalation. Progress must be carefully monitored and mitigated if necessary to minimise any delays.
- 8.5. The positive steps that have recently been taken for Essex County Council to have more visibility of the Project, and of the contingency funds in particular, is reassuring, although the Council will still need to maintain close links with Network Rail to monitor the Project effectively.
- 8.6. Homes England have stated that no further extensions beyond the current deadlines will be granted. If Essex County Council are unable to meet the timelines set out by Homes England, then the funding will therefore be at risk and alternative funding sources would be

required. Essex County Council will need to closely monitor the construction progress to limit the possibility of being in a position where either the Project or the Chelmsford North East Bypass project do not meet the required timescales. In the event that the HIF Funding was returned and no alternatives could be identified, the Board may 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.

- 8.7. Essex County Council have indicated that they have earmarked £8.4m of the Future Capital Funding reserve to cover the Project's remaining funding gap, prior to carrying out a review of the current Capital Programme to identify mitigating reductions which could fund the Project instead. The review exercise has not yet been completed and so this position could be subject to change should there be insufficient options for reduction, in which case the reserve will be needed.
- 8.8. The total cost of delivering the Project now stands at £173m, an increase of £15.9m. The main reasons for the cost increase relate to design development changes in construction methodology and inflation as detailed in the CMA (link in Section 4.1 above). The risk of further cost escalation is significant, so close monitoring and reporting is required to give confidence that sufficient funding continues to be available to complete the project.
- 8.9. A further report should be presented at the November 2023 Board Meeting to provide a project update on all aspects of the Project and, in particular, to update on the status of the Deed of Variation, the capital programme review scheduled for Autumn 2023 and the progress towards finalising how the remaining £8.4m funding required is to be funded.

9. Financial Implications (Accountable Body comments)

- 9.1. There are a number of complex challenges and on-going financial risks 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

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 – LGF 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)	13/09/2023

Appendix A - LGF Project Background Information

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

Project Benefits	<ul style="list-style-type: none"> • Acceleration of planned new homes and jobs and their associated economic benefits • Facilitation of dependent development - new homes and jobs and their associated economic benefits which otherwise could not happen • Increase in fare box revenue for the railway • Reduced congestion at Chelmsford station • Reduced congestion in Chelmsford city centre at peak times (weekday and weekends) • Improved access to the rail network for residents and businesses in the Heart of Essex not well served by rail • Improved network resilience and reliability for train services using the Great Eastern Main Line.
Current Project Constraints	<ul style="list-style-type: none"> • Current contractual interface between Chelmsford North East Bypass and Beaulieu Park Station, which requires both projects to progress if HIF funding is to be drawn down. • Current funding gap of £8.4m. A plan is in place to resolve but this has yet to be implemented so the gap exists at this time.
Link to Project Webpage	https://www.southeastlep.com/project/beaulieu-park-railway-station/

Report title: A28 Sturry Link Road LGF Project Update Report	
Report to: Accountability Board	
Report author: Kerry Clarke, Senior Project Manager - Major Capital Programme Team, Kent County Council and Leslie Rickerby, SELEP Capital Programme Officer	
Meeting date: 22 September 2023	For: Information
Enquiries to: leslie.rickerby@southeastlep.com	
SELEP Partner Authority affected: Kent	

1. Purpose of report

- 1.1. The purpose of this report is for the Accountability Board (the Board) to receive an update on the A28 Sturry Link Road Local Growth Fund (LGF) project (the Project), which has been identified as High Risk.
- 1.2. The Board previously agreed that updates on project delivery should be presented at alternate meetings but that should there be any significant developments or new risks identified that the Project would revert to providing update reports at each Board meeting. Prior to the last Board Meeting, a risk arose which impacted on the programme for completing the required land acquisition and therefore, until this risk has been mitigated, the Project has reverted to provision of updates at each Board meeting.

2. Recommendations

- 2.1. The Board is asked to:
 - 2.1.1. **Note** the update on the project, specifically:
 - 2.1.1.1. that conclusion of the negotiations between the developer and land owner on the Sturry site has been delayed;
 - 2.1.1.2. the design and build contract is due to be signed in September 2023.
 - 2.1.1.3. the delay to the publication of the Compulsory Purchase Order which is now expected by the end of October 2023.
 - 2.1.1.4. the update on the status of the planning application for the North Hersden development, and the revised date for determination of the planning application (December 2023).
 - 2.1.2. **Note** that a further update will be brought to the November 2023 Board meeting which will provide a full update on the status of the Project.

3. Summary Position

- 3.1. 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 A.
- 3.2. 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 due to planning complications and other delivery risks.
- 3.3. In November 2021, the Board agreed that the deadline for the completion of the required land acquisition could be extended from 31 March 2023 to 31 August 2023, and that the remaining £4.656m LGF could be transferred to Kent County Council on the condition that this updated land acquisition deadline is met.
- 3.4. 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, other risks had arisen which were impacting on delivery of the Project. The Board were advised that required environmental surveys were ongoing and would continue as a mitigation strategy was being put into place. The Board were also advised of a risk in relation to the Sturry development - details of which were set out in a confidential appendix. This risk had resulted in a significant delay to the publication of the Compulsory Purchase Order (CPO) and thereby had pushed the timeline for the completion of the land acquisition out beyond the previously agreed completion date of 31 August 2023.
- 3.5. The Board agreed to further extend the deadline for completion of the land acquisition to 7 April 2025 and the completion date for the Project to 31 December 2026.
- 3.6. At the July 2022 meeting, the Board were advised that the current workstreams, including land acquisition and procurement of a Design and Build contractor, were 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 were identified.
- 3.7. Following the identification of new risks in April 2023 (as set out in Section 3.4 of this report), the Project has reverted to providing updates at each Board meeting. This will continue until the identified risks have been satisfactorily mitigated.

4. Project Update

- 4.1. 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 Project. Fieldwork for the archaeological investigation was undertaken in July 2023 with reports being finalised to enable the discharge of the respective planning condition. Other surveys related to the presence of Desmoulins whorl snails, otters and badgers required a mitigation strategy that was being put in place and the duration of the Project, including construction. This work is ongoing.

- 4.2. The notification to award the Design and Build contract was issued on 21 April 2023. There have been delays in signing the contract, with this now expected to be achieved in September 2023. A verbal update on the status of the Design and Build contract will be provided at the meeting. The contract has a break clause between the design and construction phases that could be implemented if necessary.

Dependent developments

- 4.3. There are three main dependent development sites which are unlocked as a result of the delivery of the full length of the Sturry Link Road (including the section being delivered by the developer of the Sturry site and the section being delivered by Kent County Council (the Project)); and each development has a commitment in place to financially contribute to the delivery of the Project. The developments are set out below:

4.3.1. Broad Oak

- 4.3.1.1. This development continues to be built out and instalments of Section 106 (S106) funds are being paid to Kent County Council.
- 4.3.1.2. Construction commenced in 2022, with the first 28 dwellings having been built including 15 legal completions by May 2023.

4.3.2. Sturry

- 4.3.2.1. 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.
- 4.3.2.2. 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 that these negotiations would be concluded by the end of June 2023, however the deal is still to be completed. A further update will be given at the November 2023 meeting.

4.3.3. North Hersden

- 4.3.3.1. At the June 2023 meeting, the Board were advised that a planning application had been submitted to Canterbury City Council for determination with a decision expected in September 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. Canterbury City Council cannot determine the planning application until the nutrient neutrality issue has been mitigated with Natural England. The revised date for a decision is December 2023.
- 4.3.3.2. A S106 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.

- 4.3.3.3. 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 Negotiation

- 4.4. 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. Although the Sturry negotiations are not yet completed; work has continued with preparing the CPO for publication and it is likely that this will be enacted in October 2023 ahead of the resolution of the negotiations with the Sturry developer and land owner if necessary.
- 4.5. In the meantime, Carter Jonas are leading on the voluntary land acquisition negotiations with impacted landowners and as previously reported to the Board it is expected that the majority of the required land can be acquired through voluntary negotiation.

5. Delivery Programme

- 5.1. The pressures on the programme are around;
 - 5.1.1. Delays in the Sturry site development coming forward.
 - 5.1.2. Delays in the planning process, in particular the determination of the North Hersden development which has been further delayed until the end of 2023. The main cause of this delay is down to additional constraints added by Natural England during the preparation of the application.
 - 5.1.3. Timing of the receipt of developer contributions which is linked to the delays referenced at 5.1.1 above.
- 5.2. The key dates from the current programme are listed in Table 2. All opportunities to bring the programme forward will continue to be explored including the identification of any funding opportunities available to reduce the level of forward funding required by Kent County Council and progressing with the voluntary negotiations for the land acquisition.
- 5.3. The construction start date has been timed to align with the Sturry development coming forward and the delivery of the link road through the development site. This will prevent delivering a “road to nowhere” as all the infrastructure will be delivered together.
- 5.4. The programme identifies a 6 month period between the approval of design and price and the commencement of works. The developer contributions will provide a buffer against inflation costs during this period, material prices have been rising faster than inflation but it is understood that the pressures on material costs are now falling back in line with inflation. There is a contingency within the revised budget to cover increased costs and Kent County Council will continue to look at value engineering through the detailed design phase to reduce project costs. Additional S106 funding could be used to cover any funding shortfall should prices rise prior to construction commencing from adjacent developer contributions.

6. Finances




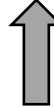
- 6.1. The tender returns have come in higher than the budget allowance for the Project, however this is offset by the indexation on the developer contributions that will mirror any further inflationary pressures.
- 6.2. Value engineering will be undertaken during the Detailed Design phase of the Project to ensure the scheme cost is in line with the budget. Further funding opportunities will be explored to reduce the forward funding required by Kent County Council in light of the recent financial pressures being experienced by Local Authorities.
- 6.3. Sufficient developer contributions and the LGF funding are banked to enable the design phase of the design and build contract to proceed.
- 6.4. The spend profile is shown at Table 1. This shows that LGF spend has moved out to 2024/25 alongside the proposed extended programme.
- 6.5. The £1.6m spend in 2023/24 includes approximately £0.9m for land acquisition, it is possible that some of this could slip into 2024/25 if the land acquisition is not concluded by 31 March 2024, although this is considered unlikely at this stage.

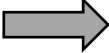


Table 1: Financial Breakdown

Funding Source	Application in Year (£M)									
	Prior to 2021/22	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	Total
Local Growth Fund	1.11	0.12	0.22	1.60	2.85	0.00	0.00	0.00	0.00	5.90
Kent County Council Forward Funding					3.00	4.00	-6.20	-0.80		0.00
Herne Bay S.106	0.25									0.25
Hopland S.106	1.20							-1.20		0.00
Colliery Site S.106					1.20	1.20	1.20	-1.00	-2.60	0.00
Sturry S.106					0.83	2.06	2.06	2.06	1.79	8.80
Broadoak S.106			0.55	2.06	2.06	2.06	2.06			8.80
North Hersden S.106					1.85	1.50	0.90	0.90	0.68	5.83
Annual Total	2.56	0.12	0.77	3.67	11.78	10.83	0.03	-0.04	-0.14	29.58

7. RAG Risk Template

Table 2: Summary of key project risks and milestones

Risk	RAG rating (June 2023)	Change since last Board meeting	Current RAG rating (September 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.	Amber		Red	Design and Build contract expected to be signed by the end of September 2023. Environmental surveys are on-going. Archaeological surveys completed.
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 September 2023). Also, tender submissions have demonstrated that costs have risen.	Amber		Amber	The revised budget has been updated based on the successful tender. There is an increase in 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.	Amber		Amber	Preparation of CPO is ongoing with planned date for publication of CPO now October 2023, with 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 the April 2023 meeting.
Delay to the programme of the Sturry Development delivering part of the Sturry Link Road.	Amber		Red	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 further delay of approximately 4 months on their programme. This has a potential consequence on the programme for

				the delivery of the Kent County Council section of the Project, but the two programmes are still aligned.
Nutrient neutrality strategy submission delaying determination of planning application of North Hersden development.	Amber		Amber	A revised nutrient neutrality mitigation is being developed for submission.
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.	Amber		Amber	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.
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 Desmoulines snails, otters and badgers.	Amber		Green	Surveys are being undertaken to identify the presence and activity of Beavers where the river Stour passes the proposed viaduct. A mitigation strategy is being prepared. The mitigation strategy will cover the additional wildlife measured. Initial Indications are that the mitigation proposals will not have a significant impact on the agreed programme.

	Milestone Completion Date (June 2023)	Milestone Completion Date (September 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. 95% complete. This does not impact on the commencement of the construction works identified in the agreed programme
Completion of negotiations around how planning conditions would be met between the developer and landowner of the Sturry site	June 2023	October 2023	Red	The developer has indicated that they are committed to delivering the development however formal contracts still need to be signed and development commenced.
Publication of CPO	September 2023	October 2023	Amber	Work is continuing to progress the CPO, with publication now expected in October 2023.
Determination of the North Hersden Planning application	September 2023	December 2023	Amber	The planning application has been submitted and is due to be determined by December 2023 following the submission of the mitigation strategy for Nutrient Neutrality.
Completion of design phase	March 2024	September 2024	Red	The design phase is on track to be completed in line with the revised, agreed programme, although considered high risk due to 6 month slippage since last update.
Approval Of design and confirm price	April 2024	October 2024	Red	Still aligns with the revised, agreed programme, although considered high risk due to 6 month slippage since last update.
Environmental mitigation works	December 2024	March 2025	Amber	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 for delivery of the Project.

A28 Sturry Link Road LGF Project Update report

				Ongoing, but engagement with Kent Wildlife Trust and the East Kent Beaver Advisory Group has been set up.
Completion of required land acquisition, including CPO process and Secretary of State decision	April 2025	April 2025	Green	Land negotiations alongside CPO process continue. CPO to be published October 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

8. Next Steps

- 8.1. The voluntary land acquisition negotiations will continue, alongside the development of the CPO, which will be published in October 2023.
- 8.2. Negotiations with the successful Design and Build tenderer have completed. This was followed by a period of due diligence; contracts have been exchanged and are due to be signed in September 2023. A verbal update will be provided at the meeting.
- 8.3. Environmental mitigation works are ongoing, as set out at 4.1 above.
- 8.4. A further update on the Project will be provided at the November 2023 Board meeting and will include an update on:
 - 8.4.1. negotiations between the developer and land owner on the Sturry site.
 - 8.4.2. the status of the planning application for the North Hersden development; and
 - 8.4.3. the status of the CPO.

9. SELEP Comments

- 9.1. The Project was originally allocated £5.9m of LGF in June 2016 but has since been subject to a series of delays. These originally concerned the planning permission for the Project, but other factors have arisen, as detailed in this report.
- 9.2. Planning permission for the Project was confirmed at the September 2021 Board meeting and it was hoped that this would allow for the necessary land acquisition to be completed by 31 March 2023. This plan allowed the transfer of the remaining £4.656m LGF to Kent County Council. However, the land acquisition date was subsequently revised to 31 August 2023.
- 9.3. At the April 2023 meeting, the Board agreed to further extend the deadline for the completion of the required land acquisition to 7 April 2025 and 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. This decision aimed to allow the Project to work towards the resolution of the negotiations relating to the Sturry site and any other matters that may arise.
- 9.4. Since the last update, the Project has seen limited movement in resolution of key issues:
 - 9.4.1. The negotiations between the developer and land owner on the Sturry site, as previously detailed in the confidential appendix provided to the Board at the April 2023 meeting, are still on-going.
 - 9.4.2. Publication of the CPO has seen minor slippage from September 2023 although it is currently expected that this will be finalised during October 2023. Given the delays to date and the fact that the timescales for formal approval by the Secretary of State runs through to April 2025, it would be advisable if the planned October 2023 publication date could be met to avoid any further delays to the process. If this date is not achieved, there is an increased risk that Kent County Council may not meet the land acquisition deadline of April 2025 agreed by the Board in March 2023.
 - 9.4.3. Canterbury City Council Page 23 of 289 granted planning permission for the North Hersden development and a decision has now been delayed by an additional 3

months to December 2023 as additional nutrient neutrality activity is still ongoing. Refusal of this application could create a funding gap which Kent County Council may need to address through further borrowing.

- 9.5. Overall, the continued delays are concerning from both a delivery and reputational risk perspective and the Project remains High Risk as a result.
- 9.6. SELEP is fully aware that the Project is protected against cost increases via the index linked protection offered by the agreements between Kent County Council and developers. However, project cost increases will inevitably have a negative effect on the original Value for Money of the Project.
- 9.7. There is still a possibility that the Secretary of State may not approve the CPO. SELEP understands that this is a small risk given that planning consent is in place, voluntary negotiations are ongoing and 60% of the land has been committed through S106 agreements already. However, if the CPO is not approved by the Secretary of State the Project would not be able to progress, at which point, the Board may 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.
- 9.8. The project milestones have noticeably slipped over the past few months despite earlier programme review and revisions to the expected milestone completion dates. In particular, the 'Completion of design phase' and 'Approval of design and confirm price' milestones have both been pushed back 6 months since the update provided at the last meeting. There was previously a 12-month gap between the approval of design and price and commencement of construction, so the Project has now reduced this timescale by half. The 6-month gap in the programme allows for further slippage without impacting on delivery. This will continue to be monitored by quarterly reporting and updated to the Board accordingly.
- 9.9. Remedial action has taken place with the Design and Build contractor now appointed and the contract due to be signed by the end of September 2023.
- 9.10. Positive action has included engagement with Kent Wildlife Trust and the East Kent Beaver Advisory Group, which will allow for the environmental mitigation to progress, while work has progressed on the archaeological investigation during July 2023 and reports are being finalised with a view to resolving the respective planning condition.

10. Financial Implications (Accountable Body comments)

- 10.1. There continue to be a number of challenges to completion of this project, particularly with respect to the land acquisition; the further extended timelines may give rise to 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.
- 10.2. The value for money assessment in relation to this Project included an expectation that the LGF investment would enable the outcomes and benefits to be brought forward more quickly than would otherwise be achieved without the investment. The on-going delays to delivery places at risk this assumption in the business case for this project and the associated value for money assessment.

- 10.3. In addition to the specific challenges outlined in this report, the Board should be aware of wider risks to delivery due to difficulties experienced by projects as a result of Brexit, COVID-19, the current economic uncertainty and inflation challenges.
- 10.4. To mitigate these risks, the Board is advised to keep under review the delivery progress of this project and to take this into account with regard to the decisions made with respect to the funding associated with the project.
- 10.5. Essex County Council, as the Accountable Body, is responsible for ensuring that the LGF funding is utilised in accordance with the conditions set out by Government for use of the Grant.
- 10.6. All LGF in respect of this project has been transferred to Kent County 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 Kent County Council to secure any additional funding required should costs exceed those set out in the agreed business case.
- 10.7. The Agreement also 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.

11. Legal Implications (Accountable Body comments)

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

12. Equality and Diversity Implications

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

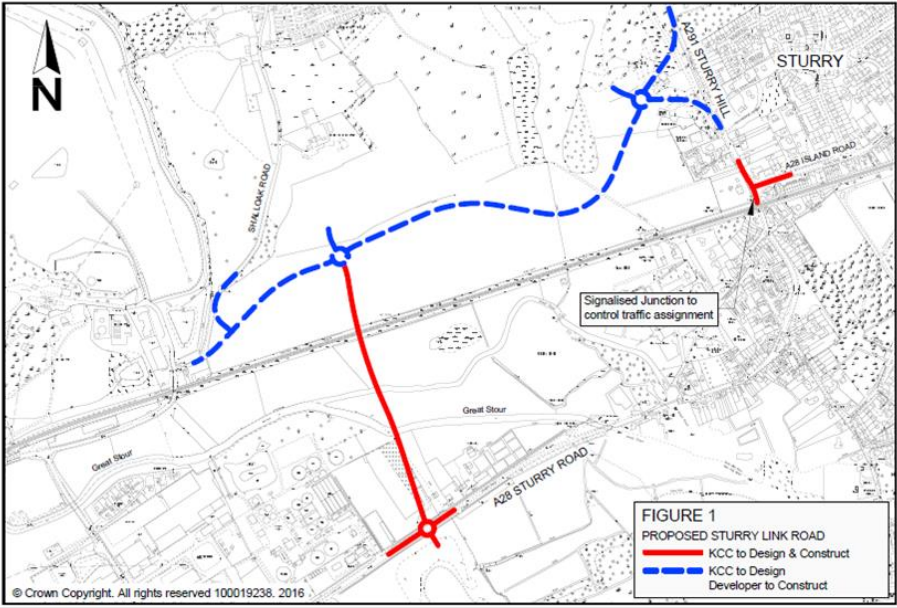
13.1. Appendix A – LGF Project Background Information

13.2. Appendix B - High Level Delivery Programme

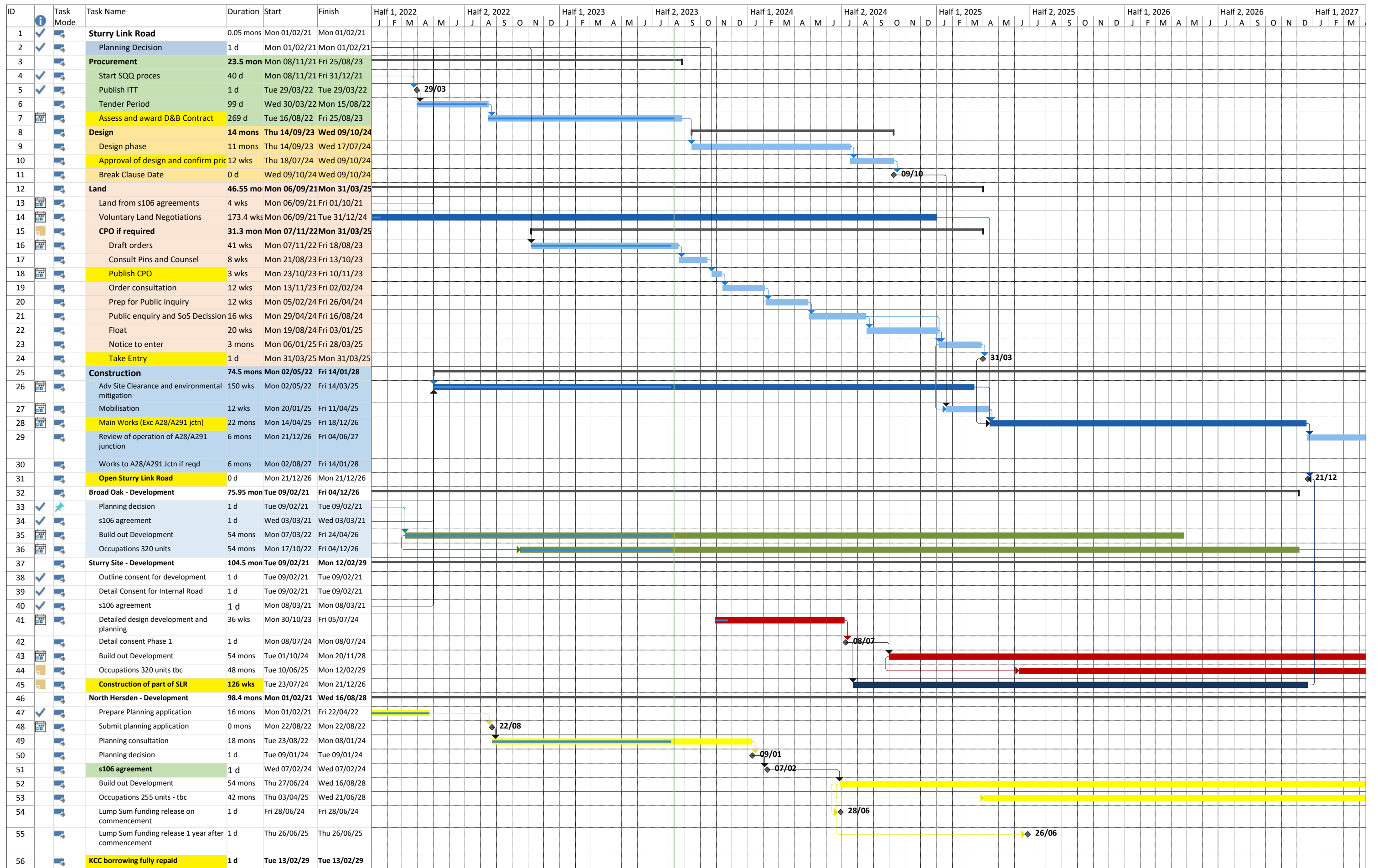
(Any request for background papers listed here should be made to the person named at the top of the report who will be able to help with any enquiries)

Role	Date
Accountable Body sign off Michael Neumann (on behalf of Nicole Wood, S151 Officer, Essex County Council)	14/09/2023

Appendix A - 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 minutes/hour during peak times, causing severe</p>

	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 																																																																																																																								
Funding Package	<table border="1"> <thead> <tr> <th rowspan="2">Funding Source</th> <th colspan="10">Application in Year (EM)</th> </tr> <tr> <th>Prior to 2021/22</th> <th>2021/22</th> <th>2022/23</th> <th>2023/24</th> <th>2024/25</th> <th>2025/26</th> <th>2026/27</th> <th>2027/28</th> <th>2028/29</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>Local Growth Fund</td> <td>1.11</td> <td>0.12</td> <td>0.22</td> <td>1.60</td> <td>2.85</td> <td>0.00</td> <td>0.00</td> <td>0.00</td> <td>0.00</td> <td>5.90</td> </tr> <tr> <td>Kent County Council Forward Funding</td> <td></td> <td></td> <td></td> <td></td> <td>3.00</td> <td>4.00</td> <td>-6.20</td> <td>-0.80</td> <td></td> <td>0.00</td> </tr> <tr> <td>Herne Bay S.106</td> <td>0.25</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td>0.25</td> </tr> <tr> <td>Hopland S.106</td> <td>1.20</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td>-1.20</td> <td></td> <td>0.00</td> </tr> <tr> <td>Colliery Site S.106</td> <td></td> <td></td> <td></td> <td></td> <td>1.20</td> <td>1.20</td> <td>1.20</td> <td>-1.00</td> <td>-2.60</td> <td>0.00</td> </tr> <tr> <td>Sturry S.106</td> <td></td> <td></td> <td></td> <td></td> <td>0.83</td> <td>2.06</td> <td>2.06</td> <td>2.06</td> <td>1.79</td> <td>8.80</td> </tr> <tr> <td>Broadoak S.106</td> <td></td> <td></td> <td>0.55</td> <td>2.06</td> <td>2.06</td> <td>2.06</td> <td>2.06</td> <td></td> <td></td> <td>8.80</td> </tr> <tr> <td>North Hersden S.106</td> <td></td> <td></td> <td></td> <td></td> <td>1.85</td> <td>1.50</td> <td>0.90</td> <td>0.90</td> <td>0.68</td> <td>5.83</td> </tr> <tr> <td>Annual Total</td> <td>2.56</td> <td>0.12</td> <td>0.77</td> <td>3.67</td> <td>11.78</td> <td>10.83</td> <td>0.03</td> <td>-0.04</td> <td>-0.14</td> <td>29.58</td> </tr> </tbody> </table>	Funding Source	Application in Year (EM)										Prior to 2021/22	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	Total	Local Growth Fund	1.11	0.12	0.22	1.60	2.85	0.00	0.00	0.00	0.00	5.90	Kent County Council Forward Funding					3.00	4.00	-6.20	-0.80		0.00	Herne Bay S.106	0.25									0.25	Hopland S.106	1.20							-1.20		0.00	Colliery Site S.106					1.20	1.20	1.20	-1.00	-2.60	0.00	Sturry S.106					0.83	2.06	2.06	2.06	1.79	8.80	Broadoak S.106			0.55	2.06	2.06	2.06	2.06			8.80	North Hersden S.106					1.85	1.50	0.90	0.90	0.68	5.83	Annual Total	2.56	0.12	0.77	3.67	11.78	10.83	0.03	-0.04	-0.14	29.58
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Project constraints	<ul style="list-style-type: none"> • Land Acquisition remains a risk and a delay in the publication of the CPO has seen delivery delays. • Environmental orders have increased the amount of work required to mitigate against environmental impacts. • Delays to various land negotiations have impacted on the delivery timeline. 																																																																																																																								
Link to Project webpage	https://www.southeastlep.com/project/a28-sturry-link-road/																																																																																																																								



Project: High Level Delivery Progr
Date: Fri 11/08/23

Task	Summary	External Milestone	Inactive Summary	Manual Summary Rollup	Finish-only	Manual Progress
Split	Project Summary	Inactive Task	Manual Task	Manual Summary	Deadline	
Milestone	External Tasks	Inactive Milestone		Start-only	Progress	

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