

# ACCOUNTABILITY BOARD

<b>10:00</b>	<b>Friday, 14 September 2018</b>	<b>High House Production Park, Vellacott Close, Purfleet, Essex, RM19 1RJ</b>
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**Quorum: 3 (to include 2 voting members)**

## Membership

Mr Geoff Miles  
Cllr Kevin Bentley  
Cllr Paul Carter  
Cllr Rodney Chambers  
Cllr Keith Glazier  
Cllr Rob Gledhill  
Cllr John Lamb  
Angela O'Donoghue  
Lucy Druesne

Chairman  
Essex County Council  
Kent County Council  
Medway Council  
East Sussex County Council  
Thurrock Council  
Southend Borough Council  
Further Education/ Skills representative  
Higher Education representative

**For information about the meeting please ask for:**

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**(Secretary to the Board)**  
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## **Meeting Information**

All meetings are held in public unless the business is exempt in accordance with the requirements of the Local Government Act 1972.

Most meetings are held at High House Production Park, Purfleet. A map and directions to can be found <http://hhpp.org.uk/contact/directions-to-high-house-production-park>

If you have a need for documents in the following formats, large print, Braille, on disk or in alternative languages and easy read please contact the Secretary to the Board before the meeting takes place. If you have specific access requirements such as access to induction loops, a signer, level access or information in Braille please inform the Secretary to the Board before the meeting takes place. For any further information contact the Secretary to the Board.

The agenda is also available on the Essex County Council website

## Part 1

(During consideration of these items the meeting is likely to be open to the press and public)

	Pages
<b>1 Welcome and Apologies for Absence</b>	
<b>2 Minutes</b> To approve the minutes of the meeting held on 15th June 2018.	<b>6 - 22</b>
<b>3 Declarations of Interest</b> To note any declarations of interest to be made by Members in accordance with the Members' Code of Conduct	
<b>4 Questions from the Public</b> Public Questions	

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 Managing Director of the South East LEP ([adam.bryan@essex.gov.uk](mailto:adam.bryan@essex.gov.uk)) by no later than 10.30am seven days 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 member of staff collecting names.

A copy of the Policy for Public Questions is made available on the SELEP website - <http://www.southeastlep.com/images/uploads/resources/PublicQuestionsPolicy.pdf>

Email ([adam.bryan@essex.gov.uk](mailto:adam.bryan@essex.gov.uk))

5	<b>Southend Airport Business Park LGF funding decision</b>	<b>23 - 45</b>
6	<b>Leigh Flood Storage Area LGF decision</b>	<b>46 - 54</b>
7	<b>Capital Programme Management of the Local Growth Fund</b>	<b>55 - 82</b>
8	<b>M20 Junction 10a Update- Presentation</b>	
9	<b>Growing Places Fund Update</b>	<b>83 - 97</b>
10	<b>Innovation Park Medway, Growing Places Fund Award</b>	<b>98 - 107</b>
11	<b>A13 Widening Update</b>	<b>108 - 115</b>
12	<b>Assurance Framework and Deep Dive Implementation Update</b>	<b>116 - 132</b>
13	<b>Update on SELEP Revenue Budget 2018_19</b>	<b>133 - 137</b>
14	<b>Date of Next Meeting</b> To note that the next meeting of the Board will be held on Friday 16th November 2018 at High House Production House.	
15	<b>Urgent Business</b> To consider any matter which in the opinion of the Chairman 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)

To consider whether the press and public should be excluded from the meeting during consideration of an agenda item on the grounds that it involves the likely disclosure of exempt information as specified in Part I of Schedule 12A of the Local Government Act 1972 or it being confidential for the purposes of Section 100A(2) of that Act.

In each case, Members are asked to decide whether, in all the circumstances, the public interest in maintaining the exemption (and discussing the matter in private) outweighs the public interest in disclosing the information.

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**Urgent Exempt Business**

To consider in private any other matter which in the opinion of the Chairman 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 High House Production Park Vellacott Close, Purfleet, Essex, RM19 1RJ on Friday, 15 June 2018

### Present:

Cllr Kevin Bentley	Essex County Council
Cllr Mark Dance	Kent County Council
Cllr Rodney Chambers	Medway Council
Cllr Keith Glazier	East Sussex County Council
Cllr Tony Cox	Southend Borough Council
Angela O'Donoghue	Further Education/Skills representative
Audrey Songhurst	Higher Education representative

### ALSO PRESENT

### Having signed the attendance book

Amy Beckett	SELEP
Suzanne Bennett	Essex County Council
Adam Bryan	SELEP
Paul Britton	Rochester Airport
Lee Burchill	Kent County Council
Jake Cartmell	Steer Davies Gleave
Kim Cole	Essex County Council (As Deputy Monitoring Officer for the Accountable Body)
Emma Cooney	Southend Borough Council
Helen Dyer	Medway Council
Anthony Finbow	Member of the public
Sunny Ee	Medway Council
Richard Hicks	Medway Council
Stephanie Holt-Castle	Kent County Castle
Ben Hook	East Sussex County Council
Tomasz Kozlowski.	Medway Council
Ian Lewis	Opportunity South Essex
Richard Longman	TGKP
Laurence Lucas	Member of the public
Mr W McLennan	Member of the public
Cllr Vince Maple	Medway Council
Andrew Metcalf	Maxim

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Iain McNab	BEIS/CLOG
Stephanie Mitchener	Essex County Council (as delegated S151 Officer for the Accountable Body)
Fred Montague	Member of the public
Wendy Montague	Member of the public
Rhiannon Mort	SELEP
Lorna Norris	Essex County Council
Dick Searle	Rochester Airport
Lisa Siggins	ECC Democratic Services
Stephen Taylor	Thurrock Council
Caitlin Webb	KM/BBC

## 1 Welcome and Apologies for Absence

The following apologies were received:

- Councillor Paul Carter (substituted by Councillor Mark Dance)
- Lucy Druesne (substituted by Audrey Songhurst)
- Geoff Miles with Angela O'Donoghue acting as Chair in his absence
- Councillor John Lamb (substituted by Councillor Tony Cox)
- Councillor Rob Gledhill

## 2 Minutes

The minutes of the meeting held on Friday, 27th April 2018 were agreed as an accurate record and were signed on behalf of the Chairman.

## 3 Declarations of Interest

There were none.

## 4 Ombudsman Complaint

Adam Bryan advised the Board that an Ombudsman complaint had been received.

*The Complaint: Medway Council obtained £4.4m of local government enterprise partnership money through fraudulent statements and declarations. The SELEP who awarded the funding have failed to independently investigate the serious accusations or take action to protect the integrity of the local enterprise partnership.*

The Ombudsman complaint has been referred to their investigation team for further consideration and to determine whether they will investigate the complaint. ECC has not yet received information from the Ombudsman that they are conducting an investigation, only that they are considering the substance of the complaint at this time.

The Board were also provided with the following advice:

If the Ombudsman do decide to investigate the complaint, then of course ECC and the SELEP Secretariat will co-operate with that process and will provide any papers requested by the Ombudsman.

Part of the requirement of the complaint is that the complainant has been directly affected by the matter for which they are complaining about or it must have caused the person injustice, in addition the website stipulates that they will not normally look at a complaint if the issue affects most people in the Councils area.

If an investigation is conducted, then the Ombudsman aims to reach a decision within 26 weeks.

Nothing on their website, nor in their letter notifying the Accountable Body of the complaint suggests that any further decision making should be placed on hold. The decision to award the original £4.4m was taken in 10 June 2016. The decision before the board does not change the value of that funding allocation, but the work to be carried out within that funding bracket. In addition the Agreements in place between the Accountable Body and the upper tier authorities provide for the return of any misappropriated funding. Therefore if there is any findings made by the LGO or another authoritative body then any allocation will be returned. Where spend has already taken place against that funding, the relevant upper tier authority will be responsible, under the terms of the agreement, to underwrite those values and therefore will be ultimately responsible for any repayment.

Accordingly should the Board determine that they have sufficient information before them today, and having heard the presentation from Medway and ITE, and considered the content of the report, and discussions they may have at the relevant point in the agenda, then they are able to consider the recommendations contained within that report, and vote accordingly, should they wish to do so.

## **5 Questions from the Public**

### **Question 1**

Cllr Vince Maple, Leader of the Medway Labour Group and Councillor for Chatham Central, to Cllr Paul Carter

For some time I, along with my Labour colleagues at Medway Council, have questioned whether the £4.4m LGF investment in the Rochester Airport project is best use of public money for growth in Medway. As mentioned in the minutes of the last meeting (page 4, Item 8), there was some 'confusion and ambiguity' regarding the Rochester Airport Project. The Medway Local Democracy Reporter reported that, 'Cllr Paul Carter (Con) raised concerns about why public money was being used to support a private business (Rochester Airport Ltd),' and 'Cllr Carter also said there was not enough information linking phases one and two to make a decision. Concerns were also raised about how the outcomes of phase one could be the same.'

Therefore the Board resolved that any decisions made about the project being deferred to today's meeting. Now that the Board has had the opportunity to



consider further details of the project, can Cllr Carter confirm whether his fears have been allayed, or like me does he remain unconvinced that this is best use of public money for growth in Medway, particularly in light of the proposed changes for the project?

### **Response as provided by Cllr Mark Dance, Kent County Council**

“Unfortunately, I am unable to attend the meeting today however I have asked Mark Dance, KCC’s Cabinet Member for Economic Development, to sub for me and to provide this response.

“Following the last Accountability Board meeting, I have met with the Leader and senior officers of Medway Council regarding the Rochester Airport project and I have had sight of the detailed report and presentation the board will receive today. I can confirm that my earlier concerns have now been resolved.

“Consequently, I am now happy to support the proposed LGF investment in the Rochester Airport Project”.

### **Question 2**

The Chairman welcomed Mr McLennan who read out a question on behalf of Mr Fred Montague, a resident of Kent, who had previously registered his question.

As a regular contributor to the Kent Surrey and Sussex Air Ambulance Service, (KSSAAS) when I heard the charity was considering a move back to Medway I wrote to the CEO about the planning issues in respect of the proposed changes to Rochester airport.

In his reply he confirms:

*“The Trust has been offered no incentives to come to Rochester and no guarantees or indemnities about its future operation. Those considerations would be irrelevant anyway for the office building we wish to erect. The synergy between our office activities and the use of Rochester as a forward operational base is of value to us, but it is not a prerequisite of our application; it just represents a logical and sensible strategy for us to adopt and one that enables us to maintain our existing excellent Marden management, administration and fund raising teams.”*

*He also stated:*

*“We currently operate perfectly satisfactorily and safely at Rochester with both runways in existence; that would not change if only one runway was to remain, or indeed no runways at all.”*

From the CEO’s reply it is clear that:

- The closure of Rochester Airport would not impact the operational aspects of the KSSAAS
- Their move was not predicated on the Rochester Airport enterprise zone status

- The HQ move is predominately a transfer of jobs from the KCC area to Medway.
- Any new jobs are specific to the KSSAAS success not through a move to Rochester alone.

Why does Medway Council in its revised SELEP business case attempt to leverage and claim the success in attracting the KSSAAS charity to Rochester airport due to the enterprise zone status and future upgrade when the CEO himself refutes the claim?

### **Response**

Medway Council confirmed the following:

“Medway Council has in no way attempted to claim that the achievement of Enterprise Zone status attracted the Kent, Surrey and Sussex Air Ambulance to the site.

“It is clear from the comments made by the CEO of the Air Ambulance that locating their administrative headquarters at Rochester Airport, which is already used as a forward operational base, is a logical and sensible strategy to adopt, with the synergy between the administrative activities and the use of the site as a forward operational base proving valuable. The proposed project outputs safeguard the future of Rochester Airport which in turn maintains the use of the site as a forward operational base by the Air Ambulance which has been highlighted as adding value to their activities.

“It is acknowledged that the Air Ambulance jobs being transferred to the new administrative headquarters at Rochester Airport are already in existence in the SELEP area, and therefore these jobs are not being offset against the total of 37 new jobs that will be created as a result of the airport infrastructure improvements. Furthermore, it is not being claimed that any new jobs created by the Air Ambulance following their move to Rochester, are directly linked to their move”.

### **Question 3**

The Chairman welcomed Mr Anthony Finbow, a resident of Kent, who had previously registered his question

Why has the option to close Rochester Airport and redevelop the entire site been omitted from the revised Rochester Airport Technology Park business case given that it is important to ensure Value for Money is delivered and that:-

- The airport operator is unable or unwilling to pay for the entire overrun of costs for the agreed airport works;
- The 25 year airport lease contains a deed of revocation which permits the airport operator to walk away from the contract with no penalty;
- The adopted Medway Local Plan and saved policies do not safeguard the airport or continuation of flying at the Rochester airport site;
- The adopted Medway Local Plan and saved policies permit the airport land to be used for a Technology Park without limitation on the scope or size of

development;

- The airport has no national heritage or official historic status;
- Rochester airport is one of two general aviation sites in Medway so leisure and sports flying will be retained in the area if Rochester airport is closed;
- Greater social, economic and environment value for money could be achieved by the full use of the site without an airport; AND THAT
- The closure of the cross runway and the continuation of flying at Rochester airport has been expertly proven to increase noise impact to local residents;
- The mitigation of risk and environmental impact attributed by Medway Council and Rochester Airport Limited to a paved runway is no longer applicable;
- There is no business model for the revised airport investment which evidences financial viability of the site as a long term operational airport with or without out a paved runway.

## Response

Medway Council provided the following response:

“Medway Council has a long-held commitment to safeguard the future of Rochester Airport. For this reason closure of the airport and redevelopment of the entire site is not considered to be an option in itself.

“Within the Do Nothing scenario included within the Business Case the closure of Rochester Airport was considered to be the consequence of receiving no LGF funding. However, in this scenario very limited development would be forthcoming due to the failure to secure the requested LGF funding.

“The revised Business Case considers the impact of the proposed change in project outputs on the benefits offered by the project. Whilst alternative options were assessed following receipt of the Quantity Surveyor cost review, it was considered that the only viable option was to progress with the preferred option - implementation of masterplan immediately – as detailed in the Business Case, albeit with a change to project outputs and therefore no further options have been added to the revised Business Case”.

## Question 4

Mr McLennan read out a question on behalf of Wendy Montague, a resident of Kent, who had previously registered her question.

The SELEP Accountability board is funding a £4.4 million payment to a limited liability private company with share holders which is interest free, non repayable without security or matching contribution.

Why is there no Rochester Airport Limited equal and matching private financing towards the airport works when the airport lease makes clear the payment of £4.4 million is only a contribution to the infrastructure improvements?

There is no mention of equal and matching funding in the revised RATP business

case.

### **Response**

Medway Council provided the following response:

“The SELEP Accountability Board is funding a £4.4m payment to Medway Council, not to Rochester Airport Ltd. It is Medway Council that is the Accountable Body for this project, not the airport operator. The airport site and all its’ assets are within Medway Council ownership. Following the cessation of the lease all assets on the site will return to Medway Council control, meaning that Medway Council is the long-term beneficiary of the project.

“There is no requirement for Rochester Airport Ltd., under the original tender documentation, the lease or the conditions of the Local Growth Fund, to make an equal match contribution towards the airport works”.

### **Question 5**

The Chairman welcomed Laurence Lucas, a resident of Kent, who had previously registered his question.

Medway Council in their revised business case for RATP phase 1 lists the refurbishment of hangars 3 and 4 as an expenditure of the LGF £4.4 million grant. Yet there is no disclosure in the revised or original business case that Rochester Airport Limited the current lease holder has been contractually responsible for all maintenance and repairs to the buildings since 2000.

The period for which Rochester Airport Limited has had use of the hangars (18 years) equates to over 20% of the airports life.

Why did Medway Council not disclose the Rochester Airport Limited building maintenance and repair liability or include a matching contribution towards their refurbishment by the lease holder in the SELEP business case?

### **Response**

Medway Council have confirmed that, “There is no requirement for Medway Council to disclose the terms of the lease agreement with Rochester Airport Ltd. within the project Business Case as this does not form part of SELEP’s considerations. It is important to note that the lease is a publicly available document which can be reviewed by any interested parties.

“The requirement for Rochester Airport Ltd. to maintain the buildings on the airport site, in accordance with the agreed schedule of condition, has been referred to within the project update report on more than one occasion.

“There is no requirement for Rochester Airport Ltd., under either the original tender documentation or the lease, to make a contribution towards the hangar refurbishment works.”

**Question 6**

Mr McLennan read the following question on behalf of Rita Mew a Kent resident who was unable to attend in person, and for which previous approval had been sought from the Chair prior to the meeting.

Medway Council's Rochester Airport Technology Park business case contains a letter of assurance by the Section 151 Officer that Rochester Airport Limited (the current airfield leaseholder) will be responsible for all cost overruns for the airport material works approved by the SELEP Accountability Board, June 2016.

Why is Medway Council attempting to renege on its Chief Financial Officer's binding commitment by citing cost overrun as an excuse to reduce the agreed works, when less than a year ago (May 2017) Medway confirmed in writing to SELEP the airport phase was financially viable? There have been no unforeseen issues or delays preventing Medway from starting the project since.

**Response**

Medway Council has stated that, "Medway Council are not attempting to renege on the commitment made by the Chief Finance Officer in the original Business Case. Since the Business Case was developed further work has been undertaken to develop a more detailed understanding of the scheme requirements and specification. This work has highlighted, particularly through the Quantity Surveyor review which was carried out in March 2018, that the scheme in its entirety cannot be delivered within the agreed LGF allocation.

"Due to the scale of the current cost over-run, making Rochester Airport Ltd. cover the additional costs is not considered conducive to safeguarding the future of the airport, which is a key overall objective of the project. However, moving forward Rochester Airport Ltd. will be required to cover any reasonable cost over-run which arises during the construction period.

"Medway Council is the Accountable Body in relation to this project, not Rochester Airport Ltd. and therefore the Council is ultimately responsible for the project"

**6 A131 Braintree to Sudbury RBS LGF Funding Decision**

The Accountability Board (the Board) received a report from Rhiannon Mort and a presentation from Steer Davies Gleave, the purpose of which was to make the Board aware of the value for money assessment for the A131 Braintree to Sudbury Route Based Strategy (the Project) which has been through the Independent Technical Evaluator (ITE) review process, to enable £1.8m Local

Growth Fund (LGF) to be devolved to Essex County Council for Project delivery.

Councillor Bentley pointed out that whilst part of the road was in Suffolk, the bulk of the travel occurred within Essex.

**Resolved:**

**To Approve** the award of £1.8m LGF to support the delivery of the Project identified in the Business Case and which has been assessed as presenting high value for money with high certainty of achieving this.

**7 Maidstone Integrated Transport Package Phase 2**

The Board received a report from Rhiannon Mort and a presentation from Steer Davies Gleave (SDG), the purpose of which was to make the Board aware of:

1. The latest position in relation to the delivery of Maidstone Integrated Transport Package (the Project) Phase 1; and
2. The value for money assessment for the Phase 2 Project (the Project) which has been through the Independent Technical Evaluator (ITE) review process, to enable £2.7m Local Growth Fund (LGF) to be devolved to Kent County Council for Phase 2 Project delivery.

Councillor Dance spoke in support of the project, pointing out that at times traffic backs up onto the M20.

The Board discussed the uncertainty highlighted by SDG, with Councillor Bentley requesting clarification which was then provided by SDG. The Board felt that in the circumstances, a common sense approach was required.

**Resolved:**

1. **To Note** that Maidstone ITP Phase 1 is currently being reviewed by Kent County Council following objections to the scheme being received.

2. **Option 1** – Approve the award of £2.7m LGF to support the delivery of the Phase 2 Project identified in the Business Case and which has been assessed as presenting high value for money but with low certainty of achieving this.

**8 Kent Sustainable Interventions Programme Update**

The Board received a report from Lee Burchill, KCC LGF Programme Manager. The purpose of the report was to make the Board aware of the latest progress in the delivery of the annual programme of works covered under the Kent Sustainable Interventions Programme (KSIP) (the Programme).

**Resolved:**

1. **To note** the progress of the KSIP programme and the individual schemes

that have been delivered each year.

2. **To note** that the following schemes which will not be taken forward as part of the Programme, will result in a total of £270,000 LGF being available for alternative investment:
  - a. Access Improvements for Aylesford Station - Footway Improvements (2015/16 - £50,000);
  - b. The Meads, Grove Park to London Road (2015/16 - £70,000);
  - c. Schools Cluster to Folkestone Harbour Cycle Improvements (2016/17 - £150,000).
  
3. **To note** the availability of £139,000 LGF under spend from the following four projects:
  - a. Howards Avenue, cycle improvements (£13,000);
  - b. South Street, Deal - bus hub improvements (£4,000);
  - c. Homes Garden, Dartford – cycle improvements (£26,000); and
  - d. Forward design of future KSIP schemes (£96,000)
  
4. **To note** the reallocation of £409,000 LGF from the schemes identified in 2.2 and 2.3 as a further allocation to the following schemes:
  1. Sittingbourne Town Centre cycle signing improvements (£12,000);
  2. Cinque Ports Phase 1 cycle improvements - Folkestone to Hythe (£90,000);
  3. Tonbridge Angels to Station Cycle Improvements Phase 1 (£167,000)
  4. Thames Greenway – Public Rights of Way - Forward Design (£41,000);
  5. Tunbridge Wells Junction Improvements Phase 2 – A26 Cycle Route Forward design (£63,000);
  6. A21 Non-Motorised User Scheme – via Pembury Road – Forward Design (£36,000)

## 9 Kent Strategic Congestion Management Programme – Update

The Board received a report from Lee Burchill, KCC LGF Programme Manager. The purpose of the report was to make the Board aware of the latest progress in

the delivery of the annual programme of works covered under the Kent Strategic Congestion Management Programme (KSCMP) project (the Programme).

**Resolved:**

1. **To note** the progress of the Programme and the individual schemes that have been delivered each year.
2. **To note** that the following schemes will not be taken forward as part of the Programme, which will result in a total of £242,000 being available for alternative investment: Under the terms of the Assurance Framework, this variance is within tolerances for the Partner authority to redeploy without requiring Accountability Board approval.
  - a. A229 Bluebell Hill approach and northbound off-slip towards the Taddington roundabout - M2 Junction 3 (2015/16 - £102,000)
  - b. A229/A274 Wheatsheaf Junction Improvements (2015/16 - £40,000).
  - c. A229 Loose Road, Armstrong Road and Sheal's Crescent Junction Improvements in Maidstone (2016/17 - £100,000)
3. **To note** the funding of £242,000 LGF from the withdrawn schemes highlighted in 2.2 was applied to the following approved scheme:

The Highways Management Centre (HMC) Technology Refresh project  
2015/16

**10 Sandwich Rail Infrastructure**  
**(Information contained within a confidential appendix was taken into account in reaching a decision on this issue (minute 19 below refers)).**

The Board received a report from Stephanie Holt-Castle, Head of Countryside, Leisure and Sport, Kent County Council and Stephen Gasche Principal Transport Planner – Rail, Kent County Council which was presented by Rhiannon Mort. The purpose of the report was to provide the Board with an update on detailed developments of the Sandwich Rail Infrastructure Project (the Project) since the South East Local Enterprise Partnership (SELEP) approved the inclusion of the Project in the Local Growth Fund (LGF) programme and approved the award of £1,025,745 to the Project in November 2017.



Councillor Dance provided clarity regarding the risk associated with a technical issue following the delivery of the Ashford Spurs project and availability of underspend from the Ashford Spurs to fund the Project. He confirmed that there was a very good working relationship with Network Rail.

Councillor Chambers spoke in support of the project, stressing that it was important for the reputation of the whole region.

**Resolved:**

1. **To Note** the updated position concerning the Open Golf Championship – Sandwich Rail Infrastructure Project.
2. **To Approve** the re-allocation of £877,425 from Ashford Spurs under spend to the Project, subject to:
  - a. The underspend from the Ashford Spurs project being confirmed by Kent County Council (KCC);
  - b. Confirmation from The R&A that the Open Golf Championship will be hosted at Royal St George's on at least two further occasions by 2036, on a 7-8 year cycle;
  - c. Written confirmation from the Department for Transport, The R&A and Network Rail that their funding contributions have been committed.

**11 Rochester Airport LGF progress update report**

Mr McLennan, a member of the public, was present and advised the Board that he would be taking a video recording of the Board's consideration of this particular item, along with the public questions. He was unable at this stage to clarify the exact intention of his use of the recording.

The Board received a report from Helen Dyer, Senior LGF Programme Co-ordinator, Medway Council, Lucy Carpenter, Principal Regeneration Project Officer, Medway Council and Janet Elliott, Regeneration Programme Manager, Medway Council which was presented by Richard Hicks, Deputy Chief Executive Medway Council, who also presented a PowerPoint presentation. This was followed by a presentation by Steer Davies Gleave.

The Board were advised that whilst there had been a change to two of the outputs (as detailed in Table 1 of the report), it was stressed that all the original outcomes would be delivered.

It was also confirmed that Medway Council is the accountable body in this project and upon cessation of the lease the asset will revert to Medway Council control.

Councillor Dance spoke in support of the project, stressing that the protection of the skills needed for plane restoration is critical.

Councillor Bentley asked for clarification regarding State Aid regulations. Richard Hicks confirmed that the necessary due diligence had been carried out and that State Aid is not applicable to this project.

Councillor Chambers stated that he felt that the report now adequately included all the necessary information which was omitted at the last Board meeting. He mentioned the shortage of airport facilities in the South East, and stressed the importance of Rochester Airport.

Councillor Glazier felt that the report now included all the relevant information with the overall outcome remaining the same as originally planned.

The purpose of the report was to make the Board aware of the latest progress on the Rochester Airport project phases 1 and 2 (the Project). The funding award of £4.4m Local Growth Fund (LGF) for phase 1 of the Project was approved by the Board on 10<sup>th</sup> June 2016. The Business Case for Phase 2 of the Project has not yet been submitted for Gate 1 review by the Independent Technical Evaluator (ITE), but has been provisionally allocated £3.7m LGF.

**Resolved:**

1. **To Note** the update on the Rochester Airport LGF Phase 1 project
2. **To Agree** the change to the proposed Phase 1 Project outputs as set out in Table 2
3. **To Note** the proposed timetable for bringing forward the Business Case for the LGF3 project (Phase 2).
4. **To Note** the proposed programme for delivering both LGF funded phases of the Project.

**12 A13 Widening Update Report**

The Board received a report from Paul Rogers, Programme Manager Major Schemes, Thurrock Council, which was presented by Stephen Taylor, Thurrock Council. The purpose of the report was to provide the Board with an update on the A13 widening project (the Project).

Councillor Bentley requested for a letter to be sent to the Department for Transport to seek confirmation of future year funding to the A13 widening project and for SELEP to re-state the benefits of the project to the local economy. Rhiannon responded to confirm that a letter had been received to confirm the funding for the project in 2018/19, but that assurances would be sought from the Department for Transport in relation to future year funding for the project.

**Resolved:**

To Note the update report.

**13 Capital Programme Management of the Local Growth Fund**

The Board received a report from Rhiannon Mort, the purpose of which was for the Board to consider the latest position of the Local Growth Fund (LGF) Capital Programme, as part of SELEP's Growth Deal with Government.

The Board had a discussion regarding the slippages involved but agreed that in the circumstances, they were very manageable.

**Resolved:**

1.**To Note** the provisional outturn position for LGF spend in 2017/18

2.**To Note** the updated LGF spend forecast for 2018/19

3.**To Note** deliverability and risk assessment

4.**To Approve** the acceleration of LGF spend in 2018/19 for the following five projects

4.1. A414 Pinch Point Package (£487,000)

4.2. A131 Braintree to Sudbury (£630,000), subject to LGF award under Agenda Item 5

4.3. M11 Junction 8 Improvements (£900,000)

4.4. Kent and Medway Growth Hubs (£618,000)

4.5. A226 London Road/ B255 St Clements Way (£535,000)

5.**To Approve** the re-profiling of LGF spend from 2018/19 to future years of the growth deal programme for the following twelve projects:

5.1. A131 Chelmsford to Braintree (£750,000)

5.2. A414 Harlow to Chelmsford (£630,000)

5.3. Chelmsford City Growth Area (£1.500m)

5.4. A28 Chart Road (£3.238m)

5.5. Ashford International Rail Connectivity Project (£1.161m)

- 5.6. A289 Four Elms Roundabout (£275,000)
- 5.7. Rochester Airport Phase 1 (£2.903m)
- 5.8. Rochester Airport Phase 2 (£310,000)
- 5.9. Southend Airport Business Park Phases 1 and 2 (£3.627m)
- 5. 10.London Gateway/Stanford le Hope (£2.705m)
- 5. 11.A127 The Bell (£3.040m)
- 5.1 2.A13 Widening (£13.323m)

#### 14 Growing Places Fund Update

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

Councillor Bentley asked for clarification regarding the pipeline for new/future projects. Rhiannon confirmed that an item on this issue would be considered at the next meeting of the Strategic Board.

#### **Resolved:**

**To Note** the updated position on the GPF programme.

#### 15 SELEP Assurance Framework Implementation Update

The Board received a report from Adam Bryan, the purpose of which was to make the Board aware of:

1. The progress which has been made by the South East Local Enterprise Partnership (SELEP) team and the federal areas in implementing the changes necessitated by the refreshed Assurance Framework. *The Board was reminded that it is accountable for assuring that all requirements are implemented; it is a condition of the funding that the Assurance Framework is being implemented.*
2. The progress made against the Governance and Transparency Performance Indicators.

Councillor Bentley asked for it to be noted, that the Board robustly raises appropriate questions in respect of all items that are considered by it.

**Resolved:**

1. **To Note** the progress to date in implementing the SELEP 2018/19 Assurance Framework.
2. **To Note** the SELEP team and federated area progress to implement the:
  - 2.1 Mary Ney recommendations; and
  - 2.2 Ministry of Housing, Communities and Local Government (MHCLG) Deep Dive recommendations.
3. **To Note** the progress made against the Governance and Transparency Performance Indicators.

**16 First Quarter Update on SELEP Revenue Budget 2018-19**

The Board received a report from Suzanne Bennett, the purpose of which was for the Board to consider the first quarter forecast of revenue outturn for 2018/19; including the establishment of budgets for specific revenue grants and the withdrawal from the general reserve of monies earmarked to support the Growth Hub programme.

**Resolved:**

- 1 **To Approve** the revenue budgets for specific grants (detail can be seen at Tables 1,2,3,4,5,6 and 7 of the report);
- 2 **To Approve** a withdrawal of **£85,000** from the general reserve to support the Growth Hub programme in 2018/19; and
- 3 **To Note** the current forecast **over spend** of **£14,000** against total revenue budget for 2018/19, which would become an **under spend** of **£71,000** if the withdrawal from reserves above is agreed.

**17 Date of Next Meeting**

The Board noted that the next meeting will take place on Friday 14th September 2018 at High House Production Park.

There being no urgent business the meeting closed at noon

**18 Exclusion of the Press and Public  
Resolved:**

That the press and public be excluded from the meeting during consideration of the remaining item of business on the grounds that it involves the likely disclosure of exempt information as specified in paragraph 3 of Schedule 12A of the Local Government Act 1972 (Information relating to the financial or business affairs of any particular person).

**19 Sandwich Rail Infrastructure Project - confidential appendix  
(Public and press excluded)**

The Board noted the Confidential Appendix to Sandwich Rail Infrastructure report, which contained information exempt from publication referred to in that report and in decisions taken earlier in the meeting (minute 10 above refers).

**Chairman**

**Forward Plan reference number:** FP/AB/154

<b>Report title:</b> Southend Airport Business Park LGF funding decision	
<b>Report to Accountability Board on 14<sup>th</sup> September 2018</b>	
<b>Report author:</b> Rhiannon Mort, SELEP Capital Programme Manager	
<b>Date:</b> 10.08.2018	<b>For:</b> Decision
<b>Enquiries to:</b> Rhiannon Mort, Rhiannon.Mort@southeastlep.com	
<b>SELEP Partner Authority affected:</b> Southend	

## 1. Purpose of Report

- 1.1 The purpose of this report is to make the Accountability Board (the Board) aware of the value for money assessment for the Southend Airport Business Park (the Project) which has been through the Independent Technical Evaluator (ITE) review process, to enable the remaining £14.575m Local Growth Fund (LGF) allocation to be devolved to Southend Borough Council for Project delivery.
- 1.2 A Full Business Case has now been prepared for the Project, including a robust value for money assessment. At the point of a Full Business Case being submitted to SELEP for a Project, with an LGF allocation of over £8m, it is normally expected that the procurement of the construction work will already have been undertaken. As this is not the case, the Board are made aware of the risk that the tendered cost of the works may exceed the available Project budget. However, through cost benchmarking and market testing the revised business case has provided significantly increased levels of certainty around the Projects costs and deliverability since the Board considered the Outline Business Case for the Project in September 2017.

## 2. Recommendations

- 2.1 The Board is asked to:
  - 2.1.1 **Approve** the award of the remaining £14.575m LGF allocation to support the delivery of the Project identified in the Full Business Case and which has been assessed as presenting high value for money with medium to high certainty of achieving this.

## 3. Background

- 3.1. This report brings forward the Project for the remaining LGF allocation, following the completion and ITE review of a full Business Case for the Project.
- 3.2. Through LGF rounds 2 and 3 Southend Airport Business Park has been allocated a total of £23.090m LGF to support phases 1 and 2 of development at the Business Park (the Site).

- 3.3. The Site is situated in Rochford District and close proximity to London Southend Airport; a fast growing Airport, with passenger numbers expected to increase by 37% in 2018 relative to the previous year. In June 2018, Ryanair announced that it will be operating 60 flights per week to 13 destinations from 2019 at Southend Airport.
- 3.4. In September 2017, the Board agreed to combine the two phases of development at the Site into one LGF project to enable the acceleration of LGF spend and to enable more efficient arrangements for the delivery of the infrastructure investment.
- 3.5. Through the Joint Area Action Plan, Southend - on – Sea Borough Council (SBC) and Rochford District Council have agreed an approach for the development of the Site as a strategic employment site; maximising on the proximity of the Site to the Airport.
- 3.6. To date the Board has approved £8.515m LGF to the Project. This includes:
  - 3.6.1. An original award of £3.2m LGF to Phase 1 in February 2016
  - 3.6.2. An additional £4.5m LGF award to Phase 1 in September 2017.  
*This additional LGF allocation to Phase 1 was to help accelerate LGF spend across the delivery of the Business Park site. This increase in LGF on Phase 1 has been offset by a reduced allocation to Phase 2. There was no net impact on the total LGF allocation to the Southend Airport Business Park; and*
  - 3.6.3. An initial award of £0.815m LGF to Phase 2.
- 3.7. As the total LGF allocation to the Project exceeds £8m LGF then a full Business Case is required by SELEPs governance arrangements for the award of the LGF allocation.
- 3.8. This phased approach to the funding award by the Board is intended to ensure greater certainty of the total cost of the Project at the point of the final funding award being made to the Project.
- 3.9. The full Business Case for the Project has been prepared and has completed the ITE review process. The ITE report sets out the detailed analysis for the Project. This report is included in Appendix 1, of Agenda Item 5.
- 3.10. Since the submission of the outline Business Case there has been an increase in the cost of delivering Phase 1 of development at the Site due to unforeseen utility costs. This £0.758m increase in costs has been offset through value engineering of the Phase 2 Project. An updated scheme cost has been informed by the RIBA (Royal Institute of British Architects Plan of Works) cost plans and it is still expected that the Project can be delivered within the allocated funding package, as detailed in section 10 below.

#### **4. Southend Airport Business Park**



- 4.1. The Southend Airport Business Park site is a 55 acre greenfield site allocated for employment uses, the freehold of which is owned by Southend on Sea Borough Council.
- 4.2. The Phase 1 Project involves the delivery of site enabling infrastructure works, and the relocation of Westcliffe Rugby Club, to unlock the first phase of employment land for development at the site.
- 4.3. This will directly unlock the first six development plots (based on the latest masterplan) which could accommodate up to 22,000m<sup>2</sup> of new commercial development as the first phase of business park development to include 17,500m<sup>2</sup> of high value B1 office/R&D based floorspace and 4,800m<sup>2</sup> of proposed hotel floorspace (equating to a 100 bed hotel with leisure/conference facilities).
- 4.4. Whilst there have been some initial delays to the delivery of works as part of the Phase 1, the roundabout at the entrance to the site and the first section of the spine road through the Phase 1 Site are near completion. The new rugby pitches have also now been completed; enabling the re-location of the Westcliffe Rugby Club in July 2019, following the completion of the new Rugby Club House.
- 4.5. The initial off-site utility works are due to complete by December 2018 and the on-site utility works are due to be tendered shortly, to enable the completion of these Phase 1 utility works by April 2019.
- 4.6. Progress has also been made towards the delivery of Phase 2 Project. Since the approval of the Outline Business Case by the Board in September 2017, further technical works, scheme design and costings have been undertaken in relation to the Project.

## **5. Phase 2 Options Considered**

- 5.1. Through the development of the Project, options for the scope of Phase 2 have been considered through working groups held involving senior officers from SBC and the development partners, Henry Boot. These options are considered in detail in the Business Case and are summarised as:
  - 5.1.1. **Do nothing (no LGF investment)** – The committed funding contributions from SBC could enable approximately a third of the Phase 2 site to come forward (18,250m<sup>2</sup>) without LGF investment. However, the remainder of the Site would not be unlocked without LGF investment, foregoing the potential for a further c. 39,000m<sup>2</sup> of commercial floorspace to be delivered, including the Innovation Centre (described in section 7 below).

From the consideration of this option as part of the Business Case, it is felt that the Site would not have such a significant critical mass which

could impact on its ability to attract occupiers, particularly inward investors.

5.1.2. **Reduced LGF available** – Through the project development work which has been completed to date, including the work undertaken involving with professional engineer and cost consultants, the proposed scheme is considered to be the minimum scope required to unlock the intended scope of commercial development. As such, no options have been identified to achieve the intended outputs and outcomes through reduced investment.

5.1.3. **Preferred Option** – The preferred option for the Phase 2 project is for the completion of infrastructure works to build on the investment at the site through Phase 1. These Phase 2 works include:

- 5.1.3.1. Site infrastructure works to enable the delivery of an additional 15 serviced development plots for largely B1/B2 uses;
- 5.1.3.2. A new innovation centre, known as the Launchpad; and
- 5.1.3.3. Off-site cycleways, to ensure that the employment site is physically connected to sustainable transport hubs and surrounding residential areas.

## 6. Phase 2 Site Infrastructure Works

- 6.1. The Phase 2 site infrastructure works include site road infrastructure, earthworks, drainage, utilities, archaeological works and landscaping.
- 6.2. These infrastructure works will service the remainder of the Site, beyond the Phase 1 scheme, for commercial development, targeted as high value private sector business occupations. This created the potential to deliver a further 63,000m<sup>2</sup> of B1/B2 floorspace, including the 3,669m<sup>2</sup> Innovation Centre which is also being delivered as part of Phase 2.
- 6.3. It is expected that the remaining commercial space will delivered by the private sector on a phased bases through to April 2027.
- 6.4. An Employment Land Study was prepared for Rochford District Council in 2014. The evidence from the study which is drawn upon in the Project Business Case indicated that there is currently a lack of high quality B1/B2 employment floorspace around the airport.
- 6.5. The lack of demand for the delivery of commercial space at the site by the private sector is identified as a risk. If the commercial space does not come forward at the space or to the scale anticipated, this will impact on the benefits delivered through the LGF investment. However, owing to the lack of suitable high quality employment space and the strategic location of the site, Southend on Sea Borough Council and its development partners are confident of the demand prospects of the Site.
- 6.6. Commercial property market agents have been appointed to manage enquires in to the Site and has already identified a number of occupier interests within

the retail and leisure sector including coffee chains, family pub operators and gym operators. There has been over 52 enquires to date, but many of these enquires cannot progress further with negotiations to occupy the site until the enabling site infrastructure is nearer completion.

## **7. Southend Airport Business Park Innovation Centre (the Launchpad)**

- 7.1. The intention of the innovation centre is to provide high quality and environmentally sustainable physical accommodation for new business start-ups and small businesses, with a particular but by no means exclusive/restrictive focus on the life science/med-tech and advanced engineering sectors, both recognised priority growth sectors for the SELEP and the UK economy as a whole.
- 7.2. Feasibility work has been undertaken by Oxford Innovation which identifies potential demand for accommodation of this type to support the development of small businesses in this location, particularly in the med-tech sector, building upon the academic/research strengths of Anglia Ruskin University as part of this.
- 7.3. The existing 1,858m<sup>2</sup> MedBic Innovation Centre on the Anglia Ruskin University's Chelmsford Campus opened in June 2014 and is 100% occupied. There is evidence of a number of other enquiries for this type of floorspace in the local area which cannot currently be met due to the lack of any dedicated specialist facilities in the local area.

## **8. Southend Airport Business Park Walking and Cycling Network**

- 8.1. The new sustainable cycling and walking network around the Airport Business Park site and its surrounding area will significantly enhance the sites sustainable connectivity with London Southend Airport, Southend and Rochford Town Centres, railway stations and the significant areas of new residential development underway in Rochford.
- 8.2. This will ensure that the new economic opportunities that are created and unlocked on the Airport Business Park site are accessible to all, including local communities, and that the site is connected to existing economic assets and transport hubs in a sustainable manner.

## **9. Public Consultation and Engagement**

- 9.1. The Project development partner, Henry Boot Developments Limited, have undertaken pre-application consultations with the public and key stakeholders.
- 9.2. Extensive consultation has been undertaken through the development and adoption of the London Southend Airport and Environs Joint Area Action Plan (JAAP) which sets out the intention to develop the Site for commercial use.
- 9.3. To date, Henry Boot Developments Limited has led key Member briefings, liaised with local businesses and undertaken a full letter drop around local

residents. The development partners will continue to undertake significant public relations activity to inform and engage with local people and businesses through a wide range of media/social media platforms.

- 9.4. The Reserved Matters planning application has now been submitted for the Phase 2 Project and is expected to be determined in advance of the meeting of the Board. The general public and other stakeholders have had a further opportunity to comment on and inform the phase 2 Project through this process. A verbal update will be provided at the meeting to confirm whether the application has been determined and any concerns or risks which have been identified when determining the application.

## 10. Benefits of Preferred Option

- 10.1. The overall objectives of the Project are to deliver:

- 10.1.1. Phase 2 infrastructure works by November 2019;
- 10.1.2. 3,669m<sup>2</sup> (GIA) Innovation Centre by October 2020.
- 10.1.3. 63,000m<sup>2</sup> of new commercial floorspace as part of the Phase 2 scheme by April 2027; and
- 10.1.4. 2,600 new jobs by April 2027

## 11. Project Cost and Funding

- 11.1. The total cost of the Project is estimated at £31.07m, including a £23.090m LGF allocation and a confirmed £7.89m allocation from SBC, as set out in Table 1 below.

**Table 1 Southend Airport Business Park Funding Profile (£m)**

	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	Total
LGF approved to date	2.366	2.076	4.073				8.515
LGF allocation to be approved by the Board			0.398	11.642	2.535		14.575
Southend Borough Council	0.853	0.104	0.116	0.116	4.751	2.040	7.980
Total	3.219	2.180	4.587	11.758	7.286	2.040	31.070

## 12. Outcome of ITE Review

- 12.1. When the Outline Business Case was submitted to release some initial funding for the Project, the ITE review confirmed that the Business Case

provided a comprehensive assessment of the scheme, which was sensible and proportionate to the scale of the Project and the funding sought.

- 12.2. Additional work has been carried out to develop a Full Business Case for the Project. This includes further consideration of the impact of the scheme upon the local transport network which has increased the robustness of the economic appraisal.
- 12.3. The procurement of the Project construction works has not yet taken place, as expected at Full Business Case stage. The Board are advised to consider this risk as part of their decision making, as this presents a risk that the Project costs identified through the tender for works may exceed the available budget. However, through cost benchmarking and market testing the revised business case has provided significantly increased levels of certainty around the scheme costs and deliverability.
- 12.4. The Project cost will be monitored through capital programme updates to the Board and any risks to the total Project cost will be highlighted to the Board.

### **13. Project Compliance with SELEP Assurance Framework**

- 13.1. Table 2 below considers the assessment of the business case against the requirements of the SELEP Assurance Framework. The assessment confirms the compliance of the Project with SELEP's Assurance Framework.

***Table 2 Assessment of the Project against the requirements of the SELEP Assurance Framework***

<b>Requirement of the Assurance Framework to approve the project</b>	<b>Compliance (RAG Rating)</b>	<b>Evidence in the Business Case</b>
A clear rationale for the interventions linked with the strategic objectives identified in the Strategic Economic Plan	Green	The business case sets out clear links to the SELEP Strategic Economic Plan and the evidence base to support the new SEP.
Clearly defined outputs and anticipated outcomes, with clear additionality, ensuring that factors such as displacement and deadweight have been taken into account	Green	The expected project outputs and outcomes are set out in the Business Case, including the creation of new commercial space, jobs and GVA benefits.  MHCLG Land Value Uplift appraisal methodology has been used as well as the HCA GVA-

Requirement of the Assurance Framework to approve the project	Compliance (RAG Rating)	Evidence in the Business Case
		<p>based methodology to assess the expected outputs and outcomes of the intervention.</p> <p>The impact of displacement and deadweight has been taken into consideration.</p>
Considers deliverability and risks appropriately, along with appropriate mitigating action (the costs of which must be clearly understood)	Green	<p>A risk register and Quantified Risk Assessment have been developed.</p> <p>The proven experience of Southend Borough Council in the delivery of this type of scheme provides assurance of deliverability. Further costing work has provided greater certainty of affordability.</p>
A Benefit Cost Ratio of at least 2:1 or comply with one of the two Value for Money exemptions	Green	A BCR has been calculated as 4.3:1, which indicates very high value for money.

#### 14. Financial Implications (Accountable Body comments)

- 14.1. The publication of findings of the Ministerial Review of Local Enterprise Partnerships was published in July 2018. Whilst Government signalled strong support for LEPs as a policy and as organisations charged with the delivery of the National Industrial Strategy, it should be noted that there is currently some uncertainty as to the geographical boundaries of all LEPs. Each LEP has been asked to come forward with proposals by the end of September on geographies which best reflect real functional economic areas, remove overlaps and, where appropriate, propose wider changes such as mergers. Should any proposals be put forward and agreed, the revised structure would not be expected to go live until April 2021. Any changes to structure would need to consider the impact on in-flight projects and their delivery. At time of writing, no specific risks arising from this process have been identified, but the uncertainty pertaining to future structures and the high possibility of risks emerging should be noted. Greater certainty on potential risks should become evident following the end of September deadline. It is understood that a report

is due to be presented to the SELEP Strategic Board on the 28<sup>th</sup> September to consider the implications of the LEP review proposals.

- 14.2. Any funding agreed by the Board is dependent on the Accountable Body receiving sufficient funding from HM Government. Funding allocations for 2018/19 have been confirmed however funding for future years for this project is indicative. It should be noted that further governance requirements may be necessary following the anticipated updates to the National Assurance Framework in autumn 2018. Government is likely to make any future funding allocations contingent on full compliance with the updated National Assurance Framework.
- 14.3. There is a high level of slippage within the overall programme which totalled £43.485 by the end of 2017/18; this presents a programme delivery risk due to the increased proportion of projects now due to be delivered in the final years of the programme; and it presents a reputational risk for SELEP regarding securing future funding from Government where demonstrable delivery of the LGF Programme is not aligned to the funding profile. This risk, however, is offset in part by the recognition that the profile of the LGF allocations did not consider the required spend profile when determined by HM Government.
- 14.4. This misalignment of the funding profile has created a further risk, in 2019/20; whilst there is sufficient funding for all LGF projects across the duration of the programme, in 2019/20 there is currently a funding gap of £5.991m (including the requirements of this project).
- 14.5. It is noted that this risk is being carefully monitored by the SELEP Capital Programme Manager with potential options for mitigation being considered with partners. Potential options include: reviewing options to advance alternative funding sources ahead of LGF spend; and delaying delivery of projects into 2020/21 where the funding is available. In reviewing the options across the whole programme, minimising the risk to delivery and assuring value for money should be key considerations.
- 14.6. There are SLAs in place with the sponsoring authority which makes clear that future years funding can only be made available when HM Government has transferred LGF to the Accountable Body.

## **15. Legal Implications (Accountable Body comments)**

- 15.1. There are no legal implications arising out of the recommendations within this report.

## **16. Equality and Diversity implication**

- 16.1. 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.

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

15.3 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 where it is possible to identify mitigating factors where an impact against any of the protected characteristics has been identified.

## **17. List of Appendices**

12.1 Appendix 1 - Report of the Independent Technical Evaluator (As attached to Agenda Item 5).

## **18. List of Background Papers**

13.1 Business Case for Southend Airport Business Park

13.2 Accountability Board Agenda Pack 22nd September 2018

**(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)**

<b>Role</b>	<b>Date</b>
<b>Accountable Body sign off</b>	
Stephanie Mitchener	05/09/2018
(On behalf of Margaret Lee)	



# Independent Technical Evaluator - Growth Deal and Growing Places Fund Business Case Assessment (Q2 2018/19)

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# Independent Technical Evaluator - Growth Deal and Growing Places Fund Business Case Assessment (Q2 2018/19)

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Tables

Table 1.1: Gate 1 & 2 Assessment of Growth Deal Schemes seeking Approval for Funding for  
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# 1 Independent Technical Evaluation of Q2 2018/19 Growth Deal Schemes

## Overview

- 1.1 Steer Davies Gleave were reappointed by the South East Local Enterprise Partnership in April 2016 as Independent Technical Evaluator. It is a requirement of Central Government that every Local Enterprise Partnership subjects its business cases and decisions on investment to independent scrutiny.
- 1.2 This report is for the review of final Business Cases for schemes which are seeking funding through Local Growth Fund Rounds 1 to 3 and Growing Places Fund. Recommendations are made for funding approval on 15<sup>th</sup> September 2018 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 a '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 assessment is based on adherence of scheme business cases to Her Majesty's Treasury's *The Green Book: Appraisal and Evaluation in Central Government*<sup>1</sup>, and related departmental guidance such as the Department for Transport's WebTAG (Web-based Transport Analysis Guidance) or the DCLG 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, and WebTAG. Assessment criteria were removed or substituted if not relevant for a non-transport scheme.

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<sup>1</sup> Source: [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/220541/green\\_book\\_complete.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/220541/green_book_complete.pdf)

- 1.7 Individual criteria were assessed and the 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 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.
- 1.9 In addition to a rating for each of the five dimensions, comments have been 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 were conducted by a team of transport and economic planning professionals, and feedback and support has been given to scheme promoters throughout the process through workshops, meetings, telephone calls and emails during July and August 2018.

## Evaluation Results

- 1.11 Two schemes seeking Local Growth Funding are to be considered at the September 2018 Accountability Board. Below are our recommendations to the Accountability Board, including key findings from the evaluation process and details of any issues arising.

### *Recommendations*

- 1.12 The following schemes achieves high Value for Money with medium/high certainty of achieving this:
- **Leigh and Hildenborough Flood Mitigation (£2.3m):** This scheme increases the capacity of the Leigh Flood Storage Area in order to achieve greater protection for both existing homes and businesses and to unlock new residential and commercial development. The business case analysis provides a proportionate assessment of the scheme costs and benefits which results in a strong benefit cost ratio representing very high Value for Money. The analysis was robustly carried out and delivers high levels of certainty around this Value for Money categorisation. The Environment Agency have led the business case development and will lead the flood mitigation works. This provides high levels of certainty around the deliverability of the scheme. The scheme is in Environment Agency's 6 year consented programme and assurance has been provided that it is highly prioritised. However, delivery of the project is still subject to the approval by the Environment Agency and we would invite the Accountability Board to consider this risk.
  - **Southend Airport Business Park Full Business Case (£19.9m):** The scheme will deliver the enabling site infrastructure on the Airport Business Park. The infrastructure works include: on site road infrastructure, drainage, utilities, archaeological works, an off-site sustainable cycle/footpath and a new build innovation centre.

The scheme was initially split into two parts with Phase 1 being approved funding at the Accountability Board in April 2016. Given the interdependencies between Phases 1 and 2, they were then brought together as one scheme.

The Southend Airport Business Park Outline Business Case was provisionally approved funding at the September 2017 Accountability Board. At this stage the business case provided a comprehensive assessment of the scheme, which was sensible and proportionate to the scale of project and the scale of funding sought. Our assessment was that, at this stage, the scheme represented high value for money with a medium certainty of achieving this value for money.

The additional work carried out as part of Full Business Case development has involved further consideration of the impact of the scheme upon the local transport network which has increased the robustness of the economic appraisal. The procurement of the works has not yet taken place which we would expect at Full Business Case stage and we would invite the board to consider this risk. However, through cost benchmarking and market testing the revised business case has provided significantly increased levels of certainty around the scheme costs and deliverability.

Table 1.1: Gate 1 &amp; 2 Assessment of Growth Deal Schemes seeking Approval for Funding for Q2 2018-19

Scheme Name	LGF Allocation (£m)	Benefit to Cost Ratio ('x' to 1)	Strategic Dimension Summary	Economic Dimension Summary	Commercial Dimension Summary	Financial Dimension Summary	Management Dimension Summary	Assurance of Value for Money		
								Reasonableness of Analysis	Robustness of Analysis	Uncertainty
Leigh and Hildenborough Flood Mitigation	2.3	Gate 1: 9.8	Green/Amber	Red/Amber	Green	Green/Amber	Green/Amber	A sensible and proportionate methodology has been employed. The FCERM appraisal guidance has been used and in addition the value of jobs and homes enabled by the work has been identified.	The accuracy of the methodology cannot yet be determined because the assumptions which underpin the economic appraisal have not been stated or justified.	There are high levels of uncertainty around the value for money of the scheme. However, the involvement of Environment Agency in the development of the scheme gives high levels of assurance around its deliverability.
		Gate 2: 9.8	Green	Green	Green	Green	Green	No change	The assumptions used within the appraisal have been provided which gives confidence in the robustness of the analysis.	The provision of the Economic Appraisal developed by Environment Agency has provided increased certainty around the value for money



Scheme Name	LGF Allocation (£m)	Benefit to Cost Ratio ('x' to 1)	Strategic Dimension Summary	Economic Dimension Summary	Commercial Dimension Summary	Financial Dimension Summary	Management Dimension Summary	Assurance of Value for Money		
								Reasonableness of Analysis	Robustness of Analysis	Uncertainty
Southend Airport Business Park Full Business Case	19.9	Gate 5: 4.3	Green	Green	Green/Amber	Green	Green	The application provides a comprehensive business case, which is sensible and proportionate to the scale of project and the scale of funding sought.	The BCR methodology has been applied accurately – with two methods applied to meet previous requirements and DCLG's current guidance on land-value uplift.	The full business case has removed elements of uncertainty which were present at OBC stage.

## 2 Independent Technical Evaluation of Q2 2018/19 Local Growth Fund Allocation Change Requests

- 2.1 There have been no change requests received for assessment by the Independent Technical Evaluator this period.

### 3 Independent Technical Evaluation of Q2 2018/19 Growing Places Fund Schemes

#### Overview

- 3.1 As part of its Independent Technical Evaluator role Steer Davies Gleave has assessed business cases for schemes seeking a Growing Places Fund loan allocation from SELEP.
- 3.2 SELEP proposed an approach to prioritisation and award of the GPF loan funding. This approach was discussed and agreed upon at the June 2017 Strategic Board.
- 3.3 Schemes being assessed at this stage have already passed through the preliminary qualification phases, namely:
  - Phase 1: Sifting of Expressions of Interest (EOI), and
  - Phase 2: Prioritisation of Strategic Outline Business Case (SOBC)
- 3.4 The prioritisation of GPF projects was considered and approved, via correspondence, by the SELEP Strategic Board during November 2017. Scheme promoters then developed Outline Business Cases (OBC) for independent technical evaluation and subsequent consideration by the Accountability Board.

#### Evaluation Results

##### Summary Findings and Considerations for the Board

- 3.5 The following list contains recommendations to the Accountability Board, including key findings from the evaluation process and any issues arising.

##### *Recommendations*

- 3.6 The following schemes achieve high Value for Money with high certainty of achieving this:
  - **Innovation Park (£0.7m):** The proposed scheme involves enabling works for the delivery of the Innovation Park site which will make up part of the North Kent Enterprise Zone. Works include construction of an access road with shared footpath, cycle route, lighting and signage. There is strong alignment with local and national strategic priorities and a robust analytical exercise has taken place to assess the costs and benefits of the scheme. This has shown that the scheme will deliver high Value for Money on the loan investment. The schedule and procedure for payback of the loan demonstrates that contribution to a revolving fund is secure.

## Control Information

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**Forward Plan reference number:** FP/AB/161

<b>Report title:</b> Leigh Flood Storage Area LGF funding decision	
<b>Report to Accountability Board on 14<sup>th</sup> September 2018</b>	
<b>Report author:</b> Rhiannon Mort, SELEP Capital Programme Manager	
<b>Date:</b> 10.08.2018	<b>For:</b> Decision
<b>Enquiries to:</b> Rhiannon Mort, Rhiannon.Mort@southeastlep.com	
<b>SELEP Partner Authority affected:</b> Kent	

## **1. Purpose of Report**

- 1.1 The purpose of this report is to make the Accountability Board (the Board) aware of the value for money assessment for improvements to the Leigh Flood Storage Area and local embankments in Hildenborough (the Project) which has been through the Independent Technical Evaluator (ITE) review process, to enable £2.349m Local Growth Fund (LGF) to be devolved to Kent County Council for Project delivery.

## **2. Recommendations**

### **2.1. The Board is asked to:**

- 2.1.1. **Note** that the Project Full Business Case will not be approved by the Environment Agency until March 2021
- 2.1.2. **Approve** the award of £2.349m LGF to support the delivery of the Project identified in the Business Case and which has been assessed as presenting high value for money with medium to high certainty of achieving this.

## **3. Background**

- 3.1. The River Medway Flood Storage Area projects have been allocated a total of £4.636m LGF though LGF Round 2. This funding was allocated to support the delivery of two interventions:
- 3.1.1. Improvements to the Leigh Flood Storage area and local embankments in Hildenborough; and
- 3.1.2. The East Peckham Flood Storage Area.
- 3.2. The two interventions are both located within the Borough of Tonbridge & Malling, but the schemes themselves are not interdependent and are being delivered by the Environment Agency as separate projects.
- 3.3. A Business Case has been brought forward for improvements to the Leigh Flood Storage Area and local embankments in Hildenborough in the first instance, as Part 1. There are currently issues relating to the East Peckham Flood Storage Area intervention, Part 2, which are set out in section 9 below. As such, the LGF awarded considered through this report relates to the Part 1 Project only.

#### 4. Leigh Flood Storage Area

- 4.1. The current Leigh Flood Storage Area provides some flood protection from the flood risk presented by the River Medway to Tonbridge. However, in 2013/14 the capacity offered an insufficient level of protection and the area suffered serious flooding, affecting 311 homes and over 110 local businesses.
- 4.2. In addition to the flood risk to existing properties, considerable parts of the borough are constrained by the risk of flooding. Investment is now needed to increase the capacity of the storage area in order to achieve greater protection for existing homes and businesses and to unlock new residential and commercial development.

#### 5. Options Considered

- 5.1. Through the development of the Project, detailed consideration has been given to the options available. These options are considered in detail within the appendices to the Business Case and are summarised as:
  - 5.1.1. **Do nothing (no LGF investment)** – If the LGF contribution is not forthcoming then no improvements to the existing standard of flood protection would be delivered. If improvements to the existing infrastructure are not carried then the condition of the Leigh Flood Storage Area would decline.
  - 5.1.2. This would increase the flood risk for existing homes and businesses and would impact the potential to unlock new development sites for new jobs and homes; the opportunity to support sustainable economic growth in the Tonbridge & Malling would not be realised.
  - 5.1.3. **Do minimum** - Maintain the existing Leigh Flood Storage Area at its current level of capacity – This option could extend its life to 2035, but would not improve the current standard of protection. Once consideration has been given to the likely impacts of climate change then it's expected that this option would lead to a diminution to the standard of protection.
  - 5.1.4. This option would provide some protection, but an increasing number of homes and businesses would become vulnerable to flooding and new development sites would not be unlocked. The expected cost of this option is £10m.
  - 5.1.5. **Do something** – Improve Leigh Flood Storage Area – This option would help to protect additional housing, relative to the current level of flood protection and would unlock a limited number of additional houses. The expected cost of this option is £12.8m.
  - 5.1.6. **Do Optimum** – Improve Leigh Flood Storage Area and local embankments in Hildenborough – This option provides the protection to

the largest number of existing homes and businesses and created the greatest level of opportunity in terms of new jobs and houses. The expected cost of this option is £15.6m.

- 5.1.7. **Preferred Option** – The preferred option is for the delivery of improvements to Leigh Flood Storage Area and local embankments in Hildenborough, as this option provides the highest level of protection and greatest overall benefits for the area.
- 5.2. The specific outcomes which will be delivered through the completion of the Project will:
- 5.2.1. Increase the flood reservoir water level maximum from 28.05m to 29m at Leigh; and
  - 5.2.2. Delivery of a local Flood and Coastal Erosion Risk Management (FCRM) scheme to Hildenborough, including upgrading existing embankment near Hawden Farm, Hildenborough and install new control structure and pumping station to prevent back-up of River Medway into Hildenborough during full discharge.
- 5.3. At the point of Project completion, anticipated in November 2023, the Project is expected to deliver the following outcomes:
- 5.3.1. 1,475 homes and 200 businesses better protected from flooding
  - 5.3.2. 100 homes completed
  - 5.3.3. 50 direct jobs created and safeguarded
  - 5.3.4. 100 associated jobs created through the unlocking of commercial sites.

## 6. Public Consultation and Engagement

- 6.1. The Environment Agency's Communication and Engagement Plan provides a detailed approach to stakeholder management across the whole of the River Medway Flood Storage Area. The plan sets out the agreed way of working amongst partners, key messages, a stakeholder analysis and plan for future action which targets specific stakeholder groups.
- 6.2. Whilst communication is regular and ongoing with stakeholders through meetings, the most recent public consultation event took place in late 2016, at which there was demonstrated a high level of support for the scheme from residents and businesses. Further consultations are scheduled as the scheme progresses, with the next events scheduled for the period October 2018 – April 2019.

## 7. Project Cost and Funding

- 7.1. The total cost of the Project (Part 1 only) is estimated at £15.574m, as set out in Table 1 below. This includes funding contributions from the following sources:
- 7.1.1. £2.349m LGF allocation – considered in this report.
  - 7.1.2. £2.5m - Kent County Council (KCC)



## Leigh Flood Storage Area LGF funding decision

- 7.1.3. £0.5m - Tonbridge and Malling Borough Council (TMBC)
  - 7.1.4. £0.085m - Southend Regional Flood and Coastal Communities (SRF&CC); and
  - 7.1.5. £10.141m - Environment Agency Flood Defence Grant in Aid
- 7.2. The funding contributions from KCC, TMBC and the SRF&CC have been confirmed and a legal agreement is in place to commit this funding.
- 7.3. The funding contribution from the Environment Agency, through its Flood Defence Grant in Aid, is set out in Policy and has been secured subject to other funding sourced being realised.
- 7.4. The full Project Business Case is required to satisfy the Environment Agency's processes before the final approval is awarded by the Environment Agency. This will not be forthcoming until March 2021, due to the time required to develop the Project to the Full Business Case stage and to satisfy the Environment Agency's own governance processes.
- 7.5. It is intended that the LGF contributions to the project will be spend on the next stage of development for the Project in advance of the Project receiving full approval by the Environment Agency.
- 7.6. The Environment Agency will only progress to the next stage of the development for the Project once all local funding contributions to the Project have been confirmed and committed through legal agreements. As such, LGF approval is required at this early stage in the Project to enable the Project to progress.
- 7.7. The spend of LGF funding contributions in advance of the Project receiving full approval by the Environment Agenda created a risk. If the Project does not progress to delivery then the LGF investment in the Project will become an abortive revenue cost and the LGF will need to be repaid to SELEP.
- 7.8. This risk is understood by KCC and as the lead local partner for the delivery of the Project, is willing to bear this risk to ensure that the Project progresses to the next stage of development.
- 7.9. The Environment Agency have stated that,
- “The Leigh Expansion and Hildenborough Embankments Scheme is a key element in our 6 year consented programme and will be prioritised to ensure it has the GiA (*Grant in Aid*) it needs to unlock the SELEP and public contributions. With the significant secured contributions from the SE LEP, Tonbridge & Malling Borough Council and Kent County Council the Partnership Funding score is 122% meaning it will have a high prioritisation in the National GiA allocation process. The project also has a very strong benefit cost ratio of 4.5 generating £4.50 of benefits for every £1 invested.

This is one of Kent and South London's top priority projects which is fully supported by the Medway Flood Partnership in their action plan. It also has full

commitment by Executive Directors within the Environment Agency and partner authorities. The Leigh Flood Storage area is a key flood risk asset reducing the risk of flooding to hundreds of homes and businesses, and as a designated category A large raised reservoir its continued safe operation is governed by law and supervised by accredited reservoir panel Engineers whom ensure its compliance with statute regulation”.

- 7.10. Funding contributions have already been made by partners, including KCC, TMBC and Maidstone Borough Council towards the development of the Project Business Case. There are also in kind contributions from Tonbridge Schools, including construction material/land/maintenance of flood bank, and Hawden Farm towards the delivery and ongoing operation of the Project.

**Table 1 Leigh Flood Storage Area Profile (£m)**

	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	Total
SELEP LGF		866,000	499,500	983,000	-			2,348,500
Environment Agency					3,506,500	6,380,000	254,000	10,140,500
KCC					2,500,000			2,500,000
TMBC					500,000			500,000
SRF&CC	85,000							85,000
Total	85,000	866,000	499,500	983,000	6,506,500	6,380,000	254,000	15,574,000

## 8. Outcome of ITE Review

- 8.1. The ITE review confirms that the Project Business Case provides a proportionate assessment of the schemes costs and benefits which results in a strong benefit cost ratio representing very high Value for Money.
- 8.2. The analysis was robustly carried out and delivers high levels of certainty around the Value for Money categorisation. The Environment Agency has led on the Business Case development and will lead the delivery of the Project. This provides high level of certainty around the deliverability of the scheme.
- 8.3. The scheme is in the Environment Agency’s 6 year consented programme and assurance has been provided that it is highly prioritised. However, delivery of the project is still subject to the approval by the Environment Agency and we would invite the Accountability Board to consider this risk. Due to the time required prior to the full Business Case, the certainty of value for money being achieved is categorised as medium to high.

## 9. East Peckham Scheme (Part 2)

- 9.1. KCC is still working with its partners, including TMBC and the Environment Agency, to work up a business case for the East Peckham scheme in keeping with the deadline for all Business Cases to come forward by the end of the 2018/19 financial year.

- 9.2. However, the East Peckham scheme has not been progressed as far as the Part 1 Project and may struggle to demonstrate an ability to spend the LGF allocation within the Growth Deal period. The East Peckham scheme is currently being revisited by KCC to establish the benefits of the proposed intervention and the proposed delivery timescales for the Part 2 scheme. In addition, KCC will also explore with the Environment Agency what level of assurance they could provide to demonstrate that the East Peckham scheme has been considered and is a viable option.
- 9.3. A further update on the East Peckham scheme will be provided to the Board following this further local consideration of the East Peckham scheme.

## 10. Project Compliance with SELEP Assurance Framework

- 10.1. Table 2 below considers the assessment of the business case against the requirements of the SELEP Assurance Framework. The assessment confirms the compliance of the Project with SELEP's Assurance Framework.

**Table 2 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 Strategic Economic Plan	Green	The business case identifies the current problems and why the scheme is needed now. The objectives presented align with the objectives identified in the Strategic Economic Plan.
Clearly defined outputs and anticipated outcomes, with clear additionality, ensuring that factors such as displacement and deadweight have been taken into account	Green	The expected project outputs and outcomes are set out in the Business Case and detailed in the economic case. Flood and Coastal Erosion Risk Management (CERM) Appraisal Guidance has been used to assess the expected outputs and outcomes of the intervention.
Considers deliverability and risks appropriately, along with appropriate mitigating action (the costs of which must be	Green	The business case demonstrates clear experience of Environment Agency in delivering similar schemes. A comprehensive risk register has been developed

Requirement of the Assurance Framework to approve the project	Compliance (RAG Rating)	Evidence in the Business Case
clearly understood)		which provides an itemised mitigation
A Benefit Cost Ratio of at least 2:1 or comply with one of the two Value for Money exemptions	Green	A BCR has been calculated as 9.8:1, which indicates very high value for money.

## 11. Financial Implications (Accountable Body comments)

- 11.1. In light of LGF being spent in advance of the Environment Agency full approval being place, the Accountable Body will request written assurances from Kent County Council of acceptance of their agreement to underwrite the risk of abortive costs in advance of any funding being released.
- 11.2. The publication of findings of the Ministerial Review of Local Enterprise Partnerships was published in July 2018. Whilst Government signalled strong support for LEPs as a policy and as organisations charged with the delivery of the National Industrial Strategy, it should be noted that there is currently some uncertainty as to the geographical boundaries of all LEPs. Each LEP has been asked to come forward with proposals by the end of September on geographies which best reflect real functional economic areas, remove overlaps and, where appropriate, propose wider changes such as mergers. Should any proposals be put forward and agreed, the revised structure would not be expected to go live until April 2021. Any changes to structure would need to consider the impact on in-flight projects and their delivery. At time of writing, no specific risks arising from this process have been identified, but the uncertainty pertaining to future structures and the high possibility of risks emerging should be noted. Greater certainty on potential risks should become evident following the end of September deadline. It is understood that a report is due to be presented to the SELEP Strategic Board on the 28<sup>th</sup> September to consider the implications of the LEP review proposals.
- 11.3. Any funding agreed by the Board is dependent on the Accountable Body receiving sufficient funding from HM Government. Funding allocations for 2018/19 have been confirmed however funding for future years for this project is indicative. It should be noted that further governance requirements may be necessary following the anticipated updates to the National Assurance Framework in autumn 2018. Government is likely to make any future funding allocations contingent on full compliance with the updated National Assurance Framework.

- 11.4. There is a high level of slippage within the overall programme which totalled £43.485 by the end of 2017/18; this presents a programme delivery risk due to the increased proportion of projects now due to be delivered in the final years of the programme; and it presents a reputational risk for SELEP regarding securing future funding from Government where demonstrable delivery of the LGF Programme is not aligned to the funding profile. This risk, however, is offset in part by the recognition that the profile of the LGF allocations did not consider the required spend profile when determined by HM Government.
- 11.5. This misalignment of the funding profile has created a further risk, in 2019/20; whilst there is sufficient funding for all LGF projects across the duration of the programme, in 2019/20 there is currently a funding gap of £5.991m (including the requirements of this project).
- 11.6. It is noted that this risk is being carefully monitored by the SELEP Capital Programme Manager with potential options for mitigation being considered with partners. Potential options include: reviewing options to advance alternative funding sources ahead of LGF spend; and delaying delivery of projects into 2020/21 where the funding is available. In reviewing the options across the whole programme, minimising the risk to delivery and assuring value for money should be key considerations.
- 11.7. There are SLAs in place with the sponsoring authority which makes clear that future years funding can only be made available when HM Government has transferred LGF to the Accountable Body.

11.8.

## **12. Legal Implications (Accountable Body comments)**

- 12.1. There are no legal implications arising out of the recommendations within this report.

## **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.
- 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 it is possible to identify mitigating factors where an impact against any of the protected characteristics has been identified.

#### **14. List of Appendices**

- 14.1. Appendix 1 - Report of the Independent Technical Evaluator (As attached to Agenda Item 5).

#### **15. List of Background Papers**

- 15.1. Business Case for the improvements to Leigh Flood Storage Area and local embankments in Hildenborough

**(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)**

<b>Role</b>	<b>Date</b>
<b>Accountable Body sign off</b>	
Stephanie Mitchener (On behalf of Margaret Lee)	05/09/18

**Forward Plan reference number:** FP/AB/159

<b>Report title:</b> Capital Programme Management of the Local Growth Fund	
<b>Report to Accountability Board</b>	
<b>Report author:</b> Rhiannon Mort, SELEP Capital Programme Manager	
<b>Meeting Date:</b> 15 <sup>th</sup> September 2018 <b>Date of report:</b> 14 <sup>th</sup> August 2018	<b>For:</b> Decision
<b>Enquiries to:</b> Rhiannon Mort, Rhiannon.Mort@southeastlep.com	
<b>SELEP Partner Authority affected:</b> 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 latest position of the Local Growth Fund (LGF) Capital Programme, as part of SELEP's Growth Deal with Government.
- 1.2 The report sets out the outturn report for LGF spend in 2017/18 and provides an update on the spend forecast for 2018/19, along with the delivery of the LGF programme and the main programme risks.

## 2. Recommendations

- 2.1. The Board is asked to:
  - 2.1.1. **Note** the final (pre-audited) 2017/18 LGF spend position, as set out in section 4.
  - 2.1.2. **Note** the updated LGF spend forecast for 2018/19, as set out in section 6
  - 2.1.3. **Note** deliverability and risk assessment, as set out in section 8
  - 2.1.4. **Approve** the acceleration of LGF spend in 2018/19 for the following projects:
    - 2.1.4.1. Hailsham/ Polegate/Eastbourne MAP (£1.012m)
    - 2.1.4.2. M11 Junction 8 Improvements (£0.866m)
    - 2.1.4.3. Leigh Flood Storage Area (£0.866m), subject to approval under Agenda Item 6.
  - 2.1.5. **Approve** the re-profiling of LGF spend from 2018/19 to future years of the growth deal programme for the following five projects:
    - 2.1.5.1. Hastings and Bexhill Movement and Access Package (£1.000m)
    - 2.1.5.2. Ashford Spurs (£0.509m)
    - 2.1.5.3. Rochester Airport Phase 1 (£0.427m);

- 2.1.5.4. Southend Airport Business Park (£6.493m); and
- 2.1.5.5. Southend Central Area Action Plan (£1.332m)

**2.1.6. Note** the increased risk to future year LGF allocations in light of the LEP Review recommendations

### **3. LGF Delivery Update**

- 3.1. To date, the Board has approved a total of 75 LGF projects in full and has given part approval to a further 9 projects, as set out in Appendix 2.
- 3.2. A total of 21 projects have been completed to date. In addition, there are a number of packages of measures included within the LGF programme, with many of the interventions within these packages having been delivered.
- 3.3. Recent LGF delivery highlights for each local partner include:
  - 3.3.1. **East Sussex:** The delivery of the Devonshire Park Project, Eastbourne, is progressing, at pace, to create a new cultural, sporting and conference facility. The project has been supported through £5m LGF investment as well as a Growing Places Fund (GPF) loan. A majority of the new 'Welcome Building' has now been completed and is on track to be completed by December 2018.
  - 3.3.2. **Essex:** On the 10<sup>th</sup> September 2018, the Technical and Professional Skills Centre at Stansted Airport will open to students, with around 300 students and apprentices having signed up to courses at the college.

The Centre, which has been supported by SELEP through a £3.5m LGF contribution; will provide training to meet current and future skills gaps, including science, technology, engineering, maths, aircraft maintenance and engineering, operational and plant engineering, logistics, supply chain management, higher-level customer care industries and the visitor economy.

The official handover of the building took place towards the end of August 2018 and a full complement of staff has been appointed for all skills areas to be delivered by the college.
  - 3.3.3. **Kent:** In June 2018, construction works started on improvements to the A2500 Lower Road, which will provide access to new homes and jobs on the Isle of Sheppey. The £1.26m LGF investment, alongside an award of funding from the National Productivity Investment Fund (NPIF), will enable the delivery of a new roundabout and road widening.
  - 3.3.4. **Medway:** A ground breaking event was held at Strood in July 2018 to mark the start of works at the former Civic Centre site. The delivery of flood mitigation measures, through £3.5m LGF investment, will enable the mixed- use development of this prime location for the delivery of 564 new dwellings and new SME commercial space.



3.3.5. **Southend:** Work has commenced, as part of plans for extensive local stakeholder engagement, to inform the final stage of the Southend Central Area Action Plan – transport project. The early engagement with local stakeholders is being used to define and shape the scope of the project prior to the submission of the project business case for consideration by the Board in February 2019.

3.3.6. **Thurrock:** Work on the £78m A13 widening project is progressing with archaeological and ecological works being undertaken on site and which are due to be completed in mid-September. There have been delays to the delivery of the Project and a revised programme has been prepared. A full update on the project is provided under Agenda Item 11.

3.4. A progress update on all 97 projects can be found in Appendix 2.

#### 4. 2017/18 Outturn Position

4.1. LGF updates have been provided by each local area through a Declaration of LGF Expenditure to confirm the final LGF spend position in 2017/18, as summarised in Table 1 below. This indicates a total LGF spend of £79.332m LGF, excluding Department for Transport (DfT) retained schemes and £94.462m including retained schemes.

4.2. The returns from local areas will now be subject to internal audit scrutiny and any changes identified as part of this process will be flagged to Board at their next meeting.

**Table 1 Confirmed LGF spend relative to planned spend in 2017/18**

	Planned spend in 2017/18 (as restated in September 2017)	Total actual spend in 2017/18 (actuals - as reported in August 2018)	Variance*	Spend relative to planned spend in 2017/18 (%)
East Sussex	26.219	22.680	-3.539	86.50%
Essex	17.867	17.345	-0.522	97.08%
Kent	32.236	18.388	-13.848	57.04%
Medway	12.299	4.429	-7.870	36.01%
Southend	13.508	3.159	-10.349	23.39%
Thurrock	12.293	4.960	-7.333	40.35%
Skills	0.096	0.071	-0.025	73.58%
M20 Junction 10a	8.300	8.300	0.000	100.00%
LGF Sub-Total	122.817	79.332	-43.485	
Retained	31.126	15.130	-15.996	
Total Spend Forecast	153.943	94.462	-59.481	

- 4.3. The latest update reporting indicated that the LGF slippage from 2017/18 to 2018/19 totals £39.185m (excluding DfT retained schemes), as set out in Table 2 below. The LGF slippage takes account of the under-profiling of the LGF programme in 2017/18, as agreed by the Board in September 2017.

**Table 2 LGF spend relative to LGF available in 2017/18 (excluding retained schemes)**

	(£m)
LGF allocation in 2017/18 from CLG	92.088
LGF carried forward from 2016/17	26.428
Total LGF available in 2017/18	118.516
Total LGF spend in 2017/18	79.332
Total slippage from 2017/18 to 2018/19	39.185

- 4.4. Though 2017/18, the Board were made aware of slippages to LGF spend across a number of LGF projects, as a result of delays to project delivery schedules. Projects which reported the highest levels of LGF slippage (above £3m) include:
- 4.4.1. STEM Innovation Centre – Colchester Institute (£4.550m LGF slippage)
  - 4.4.2. Thanet Parkway (£4.000m LGF slippage)
  - 4.4.3. Southend Airport Business Park (£9.198m LGF slippage)
  - 4.4.4. Purfleet Centre (£3.306m LGF slippage)
- 4.5. In addition, £5.201m LGF has been slipped from 2017/18 to future years of the programme due to the reallocation of LGF to the Sandwich Rail Infrastructure Project and to support the resolution of outstanding technical issues for the Ashford Spurs Project.
- 4.6. A £1.206m LGF slippage to 2017/18 LGF spend was also identified for the A28 Chart Road project through the end of year reporting. Due to the project issues set out in section 8.3 below, the developer contributions received by Kent County Council towards the development of the project were spent in advance of LGF contributions. The LGF slippage has been re-profiled to future years of the LGF programme.
- 4.7. The total £39.185m LGF which has been slipped in 2017/18 has been carried forward to 2018/19 through:
- 4.7.1. Option 4 capital swaps – This is the process by which LGF is spent within local authorities own capital programme and is returned for spend on LGF projects during the following financial year;

- 4.7.2. Unmitigated slippage – carry forward of LGF between financial years without the slippage having been invested within local authorities capital programme; and
- 4.7.3. Option 5 - LGF which was not drawn down by local authorities and has been retained in SELEP's accounts for spend in future years of the programme.

4.8. The total LGF slippage is broadly in line with the provisional outturn position, reported to the Board in May 2018 and Central Government departments. Through the end of year declaration process an additional £1.401m LGF slippage was identified, increasing the amount of slippage from £37.784 to £39.185m.

## **5. 2018/19 and future years LGF spend profile**

- 5.1. SELEP's Grant Offer Letter confirms the grant allocation in 2018/19 and the future indicative LGF allocations, as set out in Table 3 below.
- 5.2. The LGF which has been received by SELEP for 2018/19 and the future year indicative profile is consistent with the indicative profile received from Government in Grant Offer Letters from previous years.

**Table 3 LGF Allocation Indicative Profile from Government**

Confirmed allocation LGF	Future Indicative LGF allocation	
2018/19	2019/20	2020/21
£91,738,956	£54,914,715	£77,873,075

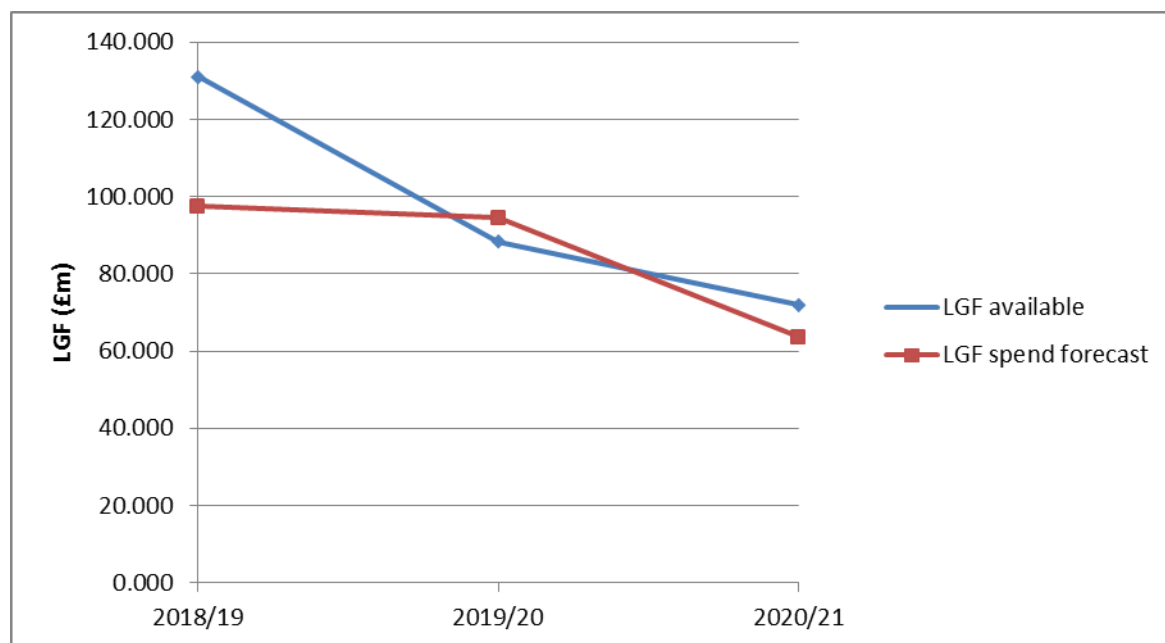
- 5.3. The award of future LGF allocation is dependent on the Assurance Framework and recommendations of the Deep Dive being implemented in full. An update on the implementation of such governance arrangements is provided in Agenda Item 12.
- 5.4. In addition, the LEP Review, Strengthening Local Enterprise Partnerships has also indicated that new legal structures for LEPs, such as SELEP, should be in place by April 2019, ahead of any release of further LGF. The LEP review will be discussed further at the Strategic Board meeting on the 28<sup>th</sup> September 2018.
- 5.5. As reported to the Board previously, the spend forecast in 2019/20 currently exceeds the amount of LGF available owing to the uneven spend profile of the LGF grant from Central Government. This over-profiling in 2019/20 has reduced substantially since the gap was originally reported to the Board in May 2017, at the point when SELEP received confirmation of the provisionally allocated the LGF Round 3 award profile.
- 5.6. Since May 2017, the over-profiling in 2019/20 has reduced by £7.437m, from £13.428m to £5.991m, through requests by local partners to amend the spend profile for LGF projects. There is also currently a planned slippage of

## Capital Programme Management of the Local Growth Fund

£33.474m LGF grant between 2018/19 to 2019/20 to help mitigate the cash flow risk in 2019/20.

- 5.7. As such, the LGF spend forecast is now much more closely aligned with the LGF available in 2019/20, as set out in Figure 1 and Table 4 overleaf.
- 5.8. When the Investment Panel meet to consider the development of SELEP's pipeline to the end of the Growth Deal period, consideration will be given to the timing of LGF underspend being available.
- 5.9. Based the current spend position, it is expected that a majority of the LGF available for allocation to LGF3B project will be available in 2020/21. Efforts will be made, through the prioritisation exercise, to ensure that any re-allocation of LGF which follows the refresh of SELEPs short term investment pipeline does not exacerbate the risk of a funding gap in 2019/20.

**Figure 1 LGF spend forecast relative to LGF available**



**Table 4 LGF spend forecast v LGF available**

£m	2015/15	2016/17	2017/18	2018/19	2019/20	2020/21	Total
Actual spend or current spend forecast	55.562	69.730	79.332	97.450	94.380	63.551	460.005
LGF allocation as per CLG	69.450	82.270	92.088	91.739	54.915	77.873	468.335
LGF allocation b/fwd from earlier years		13.888	26.428	39.185	33.474	-5.991	
Total grant funding in year	69.450	96.158	118.516	130.923	88.389	71.882	468.335
Over/(under) allocation		26.428	39.185	33.474	-5.991	8.330	

- 5.10. Given the slippage to LGF spend which has occurred between financial years through the delivery of the LGF programme to date, the £5.991m over-

profiling does not present a substantial programme risk. It is expected that the over-profiling will be mitigated through a further slippage of LGF spend from 2019/20 to 2020/21. However, if slippage of LGF from 2019/20 to 2020/21 does not materialise then the availability of funding in 2019/20 for projects to draw down will be impacted. Discussions will be held with local partners to understand where there are opportunities to amend the project spend profiles, such as through spend of local funding contributions to projects in advance of LGF spend. An update will be presented at the next meeting of the Board.

- 5.11. If the potential to mitigate the cash flow risk cannot be mitigated through voluntary changes to project spend profiles then the Board will be presented with a set of proposed criteria, to agree which projects should be prioritised for their 2019/20 funding allocation. This will include a recommendation that those projects which are already in train will be prioritised for funding.
- 5.12. The Growing Places Fund (GPF) update report, under Agenda Item 9, sets out a potential proposal to borrow £425,691 from the LGF pot in 2019/20. It is expected that GPF projects will look to draw down their funding allocations at the beginning of 2019/20, whilst GPF repayments will not be forthcoming until the end of 2019/20. As such there is currently a £425,691 shortfall in GPF cash flow forecast in 2018/19.
- 5.13. Discussions with local partners in relation to the LGF spend profile in 2019/20 will be undertaken, as detailed in 5.11 above. If options are identified to bridge the 2019/20 funding gap for LGF projects then flexibility to borrow in year from the LGF pot to mitigate the GPF cash flow risk may be considered and a proposal will be brought back to a future Board meeting for consideration.

## **6. 2018/19 spend forecast update**

- 6.1. The planned LGF spend in 2018/19 has been updated to take account of the additional slippage of LGF from 2017/18 to 2018/19, which have been confirmed through the end of year declarations. In addition, changes to the LGF spend profiles have been reported for projects in 2018/19, detailed in Table 5 below.
- 6.2. The expected LGF spend in 2018/19 now totals £97.450m in 2018/19, excluding Department for Transport (DfT) retained schemes. This is relative to £103.923m available through the £91.739m allocation from the Ministry for Housing, Communities and Local Government (MHCLG) and the £39.185m carried forward from 2017/18.
- 6.3. When the DfT retained scheme funding is taken into consideration, for projects such as the A13 widening, the forecast LGF spend increases to £116.459m including retained schemes.
- 6.4. The updated LGF spend reported in August 2018 is lower than the planned spend as agreed by the Board in March 2018/19. Adjustments have been made to the planned spend to take account of the additional LGF slippage/acceleration of spend in 2017/18.

- 6.5. In additional, Table 5 sets out the slippage and potential acceleration of LGF projects which have been identified since the last update report was received by the Board in May 2018. No slippages to LGF spend has been identified for Projects in Thurrock during the last quarter.
- 6.6. LGF spend in 2018/19 is currently under-profiled by £33.474m, as set out in Table 6 below. The forecast slippage of £33.474m LGF will help to provide a smoother profile to the LGF available for spend over future years of the Growth Deal programme. However, opportunities to accelerate LGF spend on existing LGF projects from 2019/20 to 2018/19 will be sought during the financial year where this does not adversely impact the over-profiling of the LGF programme in 2019/20.

**Table 4 LGF spend forecast in 2018/19**

LGF (£m)				Reasons for Variance	
	Updated planned spend in 2018/19 (as stated in March 2018 and 2017/18 slippage identified since end of the financial year)	Total forecast spend in 2018/19 (as reported in August 2018)	Variance*	Additional spend/slippage identified for 2018/19 **	Slippage previous agreed by the Board **
East Sussex	16.650	15.663	-0.988	-0.988	0.000
Essex	18.654	18.506	-0.148	0.866	-1.014
Kent	24.867	21.978	-2.889	0.357	-3.245
Medway	16.755	12.840	-3.915	-0.427	-3.488
Southend	17.573	6.121	-11.452	-7.825	-3.627
Thurrock	13.647	10.942	-2.705	0.000	-2.705
Skills	0.000	0.000	0.000	0.000	0.000
M20 Junction 10a	11.400	11.400	0.000	0.000	0.000
LGF Sub-Total	119.546	97.450	-22.096	-8.017	-14.079
Retained	35.454	19.010	-16.444	0.000	-16.444
Total Spend Forecast	154.999	116.459	-38.540	-8.017	-14.079

\*Variance between the total planned spend in 2018/19 as reported in March 2018 and the total forecast LGF spend in 2018/19, as it currently stands.

\*\* The slippage is shown as a negative value, whilst additional LGF spend is shown as a positive value.

**Table 5 Identified slippages or acceleration between 2018/19 and future years of the programme (£m)**

<b>Project</b>	<b>LGF forecast, as reported in May 2018 plus additional slippage into 2018/19 which has been identified since the end of the financial year.</b>	<b>Latest LGF spend forecast (as reported in August 2018)</b>	<b>Change to spend in 2018/19 *</b>	<b>Reason for Change</b>	<b>Board Decision</b>
<b>East Sussex</b>					
Hailsham/Polegate/Eastbourne Movement and Access Transport scheme	<b>0.588</b>	<b>0.600</b>	<b>0.012</b>	Opportunity to accelerate LGF spend has been identified.	The Board is asked to approve the acceleration of £0.012m LGF spend in 2018/19.
Hasting and Bexhill Movement and Access Package	<b>2.012</b>	<b>1.012</b>	<b>-1.000</b>	Design work has not yet commenced which may affect progress and spend over financial year. To mitigate this issue, a fixed term Project Manager is in place to focus on the project.	The Board is asked to approve the slippage of £1.000m LGF from 2018/19 to future years of the LGF programme.
<b>Essex</b>					
M11 Junction 8 Improvements	0.934	1.800	1.800	In May 2018, the Board agreed to accelerate LGF spend by £0.934m. The potential to	The Board is asked to approve the acceleration of LGF spend in 2018/19 by £0.866m.

Project	LGF forecast, as reported in May 2018 plus additional slippage into 2018/19 which has been identified since the end of the financial year.	Latest LGF spend forecast (as reported in August 2018)	Change to spend in 2018/19 *	Reason for Change	Board Decision
				further accelerate LGF spend on the project has been identified.	
<b>Kent</b>					
Ashford International Rail Connectivity (Ashford Spurs)	2.434	1.925	-0.509	Project underspend has been identified, support the resolution of technical issues for the project	The Board is asked to approve the re-profiling of a further 0.509m from 2018/19 to future years of the LGF programme.
Leigh Flood Storage Area	£0.000	0.866	0.866	Potential to accelerate LGF spend has been identified, subject to the approval of the project under Agenda Item 6.	The Board is asked to approve the acceleration of £0.866m LGF on the project in 2018/19, subject to approval of the project under Agenda Item 6
<b>Medway</b>					
Rochester Airport Phase 1	0.745	0.318	- 0.427	A change of project scope was agreed at the last Board	The Board is asked to approve the slippage of £0.427m from



Project	LGF forecast, as reported in May 2018 plus additional slippage into 2018/19 which has been identified since the end of the financial year.	Latest LGF spend forecast (as reported in August 2018)	Change to spend in 2018/19 *	Reason for Change	Board Decision
				meeting, but project issues have led to a delayed programme for project delivery.	2018/19 to future years of the LGF programme.
<b>Southend</b>					
Southend Central Area Action Plan (SCAAP) - Transport Package	2.483	1.150	-1.332	Delays to LGF spend due to the need to spend other funding contributions in advance of LGF	The Board is asked to approve the slippage of 1.332m LGF from 2018/19 to future years of the LGF programme.
Southend Airport Business Park	10.964	4.471	-6.493	A revised project programme has been submitted to SELEP alongside the full project business case.	The Board is asked to approve the slippage of 6.493m LGF from 2018/19 to future years of the LGF programme.

\*Change to spend between 2018/19 spend forecast received in May 2018, relative to LGF spend forecast received in August 2018. Negative values show slippages to LGF spend, whilst positive values show acceleration to LGF spend.

**Table 6 LGF spend relative to LGF available in 2018/19 (excluding retained schemes)**

	(£m)
LGF allocation in 2018/19 from CLG	91.739
LGF carried forward from 2017/18	39.185
Total LGF available in 2018/19	130.923
Total LGF spend in 2018/19	97.450
Total slippage from 2018/19 to 2019/20	33.474

## **7. Retained schemes 2018/19 spend forecast update**

- 7.1. In addition to the LGF received by SELEP from MHCLG, LGF is also received from the DfT for the delivery of retained projects. DfT retained projects, include six projects for which the DfT has a greater oversight, including direct reporting to the DfT on LGF spend and project delivery progress.
- 7.2. The forecast LGF spend on retained schemes in 2018/19 remains as stated at the last Board meeting, with a forecast LGF spend of £19.010m.
- 7.3. The Business Case for the A127 The Bell and the later phases of the A127 Essential Maintenance project are due to be bought forward in 2018/19 for approval by the Board. As the benefits of the two projects are very closely linked and to ensure that the benefits of the projects are not double counted it is proposed that one business case will be prepared for both projects. The business case and the funding decision will be bought forward for consideration by the Board at its next meeting on the 16<sup>th</sup> November 2018.

## **8. Deliverability and Risk**

- 8.1. Appendix 2 sets out a delivery update and risk assessment for all projects included in the LGF programme.
- 8.2. To date, it is reported that a total of 3,635 jobs and 4,495 dwellings have been completed through LGF investment to date, as Table 7 below. No outputs in terms of jobs or homes have been reported by East Sussex, Southend or Thurrock to date.

**Table 7 Jobs and dwellings delivered through LGF investment to date**

	<b>Jobs</b>	<b>Houses</b>
East Sussex	-	-
Essex	3,388	3,331
Kent	166	1,049
Medway	81	115
Southend	-	-
Thurrock	-	-
<b>Total</b>	<b>3,635</b>	<b>4,495</b>

- 8.3. Through the last quarter, workshop meetings have been held between the SELEP ITE and each Federated Board to discuss the SELEP monitoring and evaluation approach and to support officers in completing this information for each LGF project following project completion.
- 8.4. Deadlines will now be agreed with Federated Areas for the completion of post scheme evaluation, to enable more detailed reporting to the Board and Central Government about the benefits which have been achieved through LGF investment, as well as supporting the sharing of lessons learnt through project delivery.
- 8.5. The summary project risk assessment position is set out in Table 8 below. A score of 5 represents high risk whereas a score of 1 represents low risk.
- 8.6. The risk assessment has been conducted in accordance with the Ministry for Housing and Local Government (MHCLG) guidance for the assessment of LGF projects based on:
- 8.6.1. Delivery – considers project delays and any delays to the delivery of project outputs/outcomes
  - 8.6.2. Finances – considers changes to project spend profiles and project budget
  - 8.6.3. Reputation – considers the reputational risk for the delivery partner, local authority and LEP

**Table 8 LGF project delivery, financials and reputational risk (5 high risk, 1 low risk)**

<b>Score</b>	<b>Delivery</b>	<b>Financials</b>	<b>Reputational</b>	<b>Overall</b>
5	11	5	2	4
4	10	10	3	13
3	17	13	15	20
2	13	19	15	20
1	46	50	62	40
<b>Total</b>	<b>97</b>	<b>97</b>	<b>97</b>	<b>97</b>

8.7. Further detail is provided for the four projects which are identified as having a high overall project risk (overall risk score of 5)

- Beaulieu Park Railway Station

The project is currently categorised as high risk owing to the current substantial gap in funding to deliver the project. The project has passed to the next stage of assessment to secure funding through MHCLG Housing Infrastructure Funding (HIF), but a Business Case and further assessment is required before the HIF can be secured. In addition, there is a risk that the full £12m LGF allocation will not be spent within the Growth Deal period.

A Business Case is due to be submitted for consideration by the Board in advance of the end of the financial year and work is underway to understand the amount of LGF which can be spent by the end of the Growth Deal period.

- A28 Chart Road

The delivery of the A28 Chart Road scheme in Ashford is currently on hold following the failure of the developer to provide the security bond required for Kent County Council to forward fund the delivery of the scheme. The vegetation clearance work has now been put on hold and the LGF spend forecast for the project in 2018/19 has been reduced.

Meetings have been held between Kent County Council, Homes England, Ashford Borough Council and the developers to establish what can be done to secure the additional investment required to enable the project to be delivered, in the absence of a security bond being provided by the developers. However, no alternative solution has been forthcoming to date.

Kent County Council is currently reviewing alternative delivery options for the scheme. Following further local consideration of the Project, including a senior officer meeting scheduled for the 14<sup>th</sup> September involving Kent County Council, Homes England and Ashford Borough Council, a decision will be brought to the Board on the 16<sup>th</sup> November 2018. If a solution cannot be identified to deliver the project then it is likely that the £2.756m LGF expenditure on the project to date will become an abortive cost, which will need to be returned to SELEP.

- Maidstone Integrated Transport Package (ITP)

The first phase of the Maidstone ITP, for junction improvements at either end of Wilmington Street, was awarded £1.3m LGF funding in February 2016. There are also developer contributions which completes the funding package. However, the Phase 1 project is currently on hold pending further local consideration of the proposed scheme.

Despite the funding decision having been made in early 2016, and the Business Case stating an expected completion date of March 2017, the Phase 1 project has

not yet progressed to a delivery phase. Following further local consideration, a decision will be sought from the Board at the next meeting on the 16<sup>th</sup> November 2018. This decision is likely to involve a change to the projects scope. When this decision is brought to the Board, any abortive project costs will need to be considered.

Phase 2 of the Maidstone ITP scheme was award £2.7m LGF for M20 Junction 5 Coldharbour at the last meeting of the Board and will now progress towards delivery.

- Thanet Parkway

In total, Thanet Parkway project is allocated £10m LGF. At the outset of 2018/19 financial year the LGF spend profile was adjusted to re-profile the LGF spend towards the end of the LGF programme. The project is rated as high risk owing to the substantial funding gap for the project of around £15m. Discussions with potential third party investors are ongoing but have not been successful to date. Whilst Kent County Council has now started on Network Rail GRIP Stage 4, no LGF has been approved by the Board to date until the funding package is in place to deliver the project.

### 9. LGF Programme Risks

9.1. In addition to project specific risks, the following LGF programme risks have also been identified.

#### *Project LGF spend within Growth Deal period*

Risk: There is a clear expectation from Central Government that LGF is spent on LGF projects during the Growth Deal period, until 31<sup>st</sup> March 2021. This creates a reputational risk in terms of our ability to bid and successfully secure funding from Central Government for funding streams which follow on from the Local Growth Fund, such as the Shared Prosperity Fund.

Mitigation: The LGF3B process is well underway to establish a refreshed project pipeline to the end of the Growth Deal should underspend become available. The LGF3B projects will be considered by the Investment Panel on the 7<sup>th</sup> December 2018.

#### *Slippage of LGF from 2017/18 to future years of the programme*

Risk: The outturn position for 2017/18, detailed in section 4 above, identifies a total slippage of £39.185m LGF from 2017/18 to future years of the growth deal programme. The slippage of LGF spend has a potential reputational impact for the SELEP area, as Central Government is currently using LGF spend as a performance measure to monitor SELEP's Growth Deal delivery. The backloading of LGF spend will also create delivery pressures during the final years of the Growth Deal programme.

Mitigation: There will be clear communication with Government about the successful delivery of LGF projects to date and the need for SELEP to retain LGF slippage to help manage the availability of LGF in 2019/20.

For projects which are unable to demonstrate spend of an LGF allocation by the end of the Growth Deal period then the funding allocation will be considered by the Investment Panel, at its meeting on the 7<sup>th</sup> December 2018.

### *Availability of LGF to align with project spend profile*

Risk: The availability of LGF during future years of the LGF programme does not match the forecast spend profile for LGF projects. As shown in Figure 1 and Table 4, the forecast LGF spend in 2019/20 exceeds the expected amount of LGF available in 2019/20 by £5.991m and that the gap could be exacerbated through any re-allocation of funding which is agreed following the LGF3B prioritisation process.

Mitigation: To help ensure LGF allocations are available to align with project spend profiles, some funding may intentionally be carried between financial years to help manage the overall programme. The timing of LGF relative to local funding contributions to projects is also under review. Updates will be provided within the Capital Programme Update at each Board meeting to ensure that the planned LGF spend profile is considered in relation to the funding made available by Government.

### *Governments funding commitment to future years of the LGF Programme*

Risk: Currently Government has only given a provisional funding allocation for future years of the LGF programme and the level of LGF to be received by SELEP has yet to be confirmed. In addition, the 'Strengthening Local Enterprise Partnerships' document which was published on the 24<sup>th</sup> July 2018 by MHCLG states that new legal structures should be in place by April 2019, ahead of any release of further local growth funding. This created a risk to SELEP receiving its 2019/20 LGF allocation, as SELEP is one of few LEPs in the country without a legal personality.

Mitigation: SELEP continues to seek assurances and formal confirmation of SELEP's LGF allocation to future years of the programme. In addition, SELEP continues to demonstrate strong governance arrangements through compliance with the Mary Ney recommendations on Governance and Transparency, with compliance with the LEP National Assurance Framework and recommendations of the Mary Ney review is a condition for SELEPs LGF and core funding award.

On the 28<sup>th</sup> September 2018, the SELEP Strategic Board will consider SELEP's response in relation to the LEP review and Government's proposal for new legal structures.

### *Evidenced delivery of project outputs and outcomes*

Risk: Local partners have made substantial progress towards the delivery of projects included within the Growth Deal programme, including the outputs identified in the Project Business Cases. However, Government continues to seek evidence of the delivery of jobs and homes which SELEP committed to deliver within its Growth Deal

with Government. Whilst this information has been sought through update reports from SELEP, evidence of jobs and housing delivery from local partners has not been forthcoming. This has a reputational risk for SELEP and the robustness of our case to Government for further funding.

Mitigation: New templates have been prepared by SELEP's Independent Technical Evaluator (ITE), to help structure and provide a consistent approach to the monitoring of project outputs and outcomes following scheme completion. A series of workshop meetings have also been held with each Federated Area to provide guidance on the completion of project monitoring and evaluation information. The outputs delivered to date are also reported to each Strategic Board meeting to ensure clear oversight of project outcomes to date and oversight of the information reported back to Central Government.

S151 officer letter sign off of each Business Case includes a commitment for each local partner to allocate sufficient resource to the monitoring and evaluation of each LGF project.

### *Total project cost escalation*

Risk: For certain LGF projects included in our Growth Deal, the total cost estimate has increased since the original bid submission and provisional LGF allocation was awarded. Increases in total project costs may impact on our ability to deliver the projects and outcomes/outputs which SELEP committed to achieve through LGF investment. Escalations in project cost may also impact on the Value for Money case for projects included in our Growth Deal.

Mitigation: SELEP is now taking a proactive approach in monitoring the total cost of LGF projects. Any changes to the total cost of a project must be reported to the Board through the Change Request process to ensure that projects continue to demonstrate Value for Money. Where cost escalation occurs, it is expected that this increase in costs will be met by local partners, unless agreed with the Board otherwise.

## **10. Financial Implications (Accountable Body comments)**

10.1. The publication of findings of the Ministerial Review of Local Enterprise Partnerships was published in July 2018. Whilst Government signalled strong support for LEPs as a policy and as organisations charged with the delivery of the National Industrial Strategy, it should be noted that there is currently some uncertainty as to the geographical boundaries of all LEPs. Each LEP has been asked to come forward with proposals by the end of September on geographies which best reflect real functional economic areas, remove overlaps and, where appropriate, propose wider changes such as mergers. Should any proposals be put forward and agreed, the revised structure would not be expected to go live until April 2021. Any changes to structure would need to consider the impact on in-flight projects and their delivery. At time of writing, no specific risks arising from this process have been identified, but the uncertainty pertaining to future structures and the high possibility of risks emerging should be noted. Greater certainty on potential risks should become evident following the end of September deadline. It is understood that a report

is due to be presented to the SELEP Strategic Board on the 28<sup>th</sup> September to consider the implications of the LEP review proposals.

- 10.2. Any funding agreed by the Board is dependent on the Accountable Body receiving sufficient funding from HM Government. Funding allocations for 2018/19 have been confirmed however funding for future years for this project is indicative. It should be noted that further governance requirements may be necessary following the anticipated updates to the National Assurance Framework in autumn 2018. Government is likely to make any future funding allocations contingent on full compliance with the updated National Assurance Framework.
- 10.3. There is a high level of slippage within the overall programme which totalled £43.485 by the end of 2017/18; this presents a programme delivery risk due to the increased proportion of projects now due to be delivered in the final years of the programme; and it presents a reputational risk for SELEP regarding securing future funding from Government where demonstrable delivery of the LGF Programme is not aligned to the funding profile. This risk, however, is offset in part by the recognition that the profile of the LGF allocations did not consider the required spend profile when determined by HM Government.
- 10.4. This misalignment of the funding profile has created a further risk, in 2019/20; whilst there is sufficient funding for all LGF projects across the duration of the programme, in 2019/20 there is currently a funding gap of £5.991m (including the requirements of this project).
- 10.5. It is noted that this risk is being carefully monitored by the SELEP Capital Programme Manager with potential options for mitigation being considered with partners. Potential options include: reviewing options to advance alternative funding sources ahead of LGF spend; and delaying delivery of projects into 2020/21 where the funding is available. In reviewing the options across the whole programme, minimising the risk to delivery and assuring value for money should be key considerations.
- 10.6. The further allocation of funding through the LGF3b call for projects must include a full consideration of potential profile of drawdown of LGF funding to ensure that any new allocations do not have an adverse effect on the gap. Whilst it is paramount that the gap is managed, SELEP must also ensure that agreed spending profiles for new projects are deliverable in the timeframes available.

## **11. Legal Implications (Accountable Body comments)**

- 11.1. There are no legal implications in this report.

## **12. Equality and Diversity implication**



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

- (a) Eliminate unlawful discrimination, harassment and victimisation and other behaviour prohibited by the Act
- (b) Advance equality of opportunity between people who share a protected characteristic and those who do not.
- (c) Foster good relations between people who share a protected characteristic and those who do not including tackling prejudice and promoting understanding.

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

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**

12.1 Appendix 1 – LGF financial update

12.2 Appendix 2 – Project deliverability and risk update

### **14. List of Background Papers**

13.1 None

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

<b>Role</b>	<b>Date</b>
<b>Accountable Body sign off</b>	
Stephanie Mitchener	05/09/18
(On behalf of Margaret Lee)	

Appendix 1 - LGF Financial Update (£m)

SELEP Number	Project Name	Promoter	Total (2015/16)	Total (2016/17)	Total (2017/18)	2018/19 (Total)	2019/20	2020/21	All Years
East Sussex									
LGF00002	Newhaven Flood Defences	East Sussex	0.300	0.800	0.400				1.500
LGF00023	Hailsham/Polegate/Eastbourne Movement and Access Transport scheme	East Sussex	0.000	0.000	0.254	0.600	1.246		2.100
LGF00024	Eastbourne and South Wealden Walking and Cycling LSTF package	East Sussex	0.600	0.370	1.630	0.735	1.765	1.500	6.600
LGF00036	Queensway Gateway Road	East Sussex	1.419	1.121	5.000	2.460			10.000
LGF00066	Swallow Business Park, Hailsham (A22/A27 Growth Corridor)	East Sussex	0.505	0.895					1.400
LGF00067	Sovereign Harbour (aka Site Infrastructure Investment)	East Sussex	0.530	1.170					1.700
LGF00085	North Bexhill Access Road and Bexhill Enterprise Park	East Sussex	6.410	4.600	5.590	2.001			18.600
LGF00042	Hastings and Bexhill Movement and Access Package	East Sussex	0.000	0.000	0.345	1.012	4.195	3.448	9.000
LGF00043	Hastings and Bexhill LSTF walking and cycling package (combined with above scheme)	East Sussex	0.000	0.000					0.000
LGF00044	Eastbourne town centre LSTF access & improvement package	East Sussex	0.000	0.550	0.245	4.205	1.000	2.000	8.000
LGF00073	A22/A27 junction improvement package	East Sussex	0.000	0.000				1.000	1.000
LGF00068	Coastal Communities Housing Intervention Hastings	East Sussex	0.000	0.000	0.667	0.000			0.667
LGF00097	East Sussex Strategic Growth Project	East Sussex	0.000	0.000	3.550	4.650			8.200
LGF00099	Devonshire Park	East Sussex	0.000	0.000	5.000				5.000
Essex									
LGF00004	Colchester Broadband Infrastructure	Essex	0.200	0.000	0.000				0.200
LGF00025	Colchester LSTF	Essex	0.911	1.489	0.000				2.400
LGF00026	Colchester Integrated Transport Package	Essex	1.527	0.673	1.400	1.400			5.000
LGF00027	Colchester Town Centre	Essex	0.955	2.849	0.796				4.600
LGF00028	TGSE LSTF - Essex	Essex	2.131	0.869	0.000				3.000
LGF00031	A414 Pinch Point Package: A414 First Avenue & Cambridge Rd junction	Essex	5.870	2.130	2.000	0.487			10.487
LGF00032	A414 Maldon to Chelmsford RBS	Essex	1.000	1.000	0.000				2.000
LGF00033	Chelmsford Station / Station Square / Mill Yard	Essex	0.409	0.605	1.986				3.000
LGF00034	Basildon Integrated Transport Package	Essex	1.633	0.000	0.000	2.800	3.100	1.467	9.000
LGF00037	Colchester Park and Ride and Bus Priority measures	Essex	6.800	-1.000	0.000				5.800
LGF00048	A131 Chelmsford to Braintree	Essex	0.000	0.000	1.396	1.104	1.160		3.660
LGF00049	A414 Harlow to Chelmsford	Essex	0.000	0.000	0.000	1.200	0.973		2.173
LGF00050	A133 Colchester to Clacton	Essex	0.000	0.000	0.000	1.370	1.370		2.740
LGF00051	A131 Braintree to Sudbury	Essex	0.000	0.000	0.000	0.445	1.355	0.000	1.800
LGF00063	Chelmsford City Growth Area Scheme	Essex	0.000	0.000	1.000	2.500	4.000	2.500	10.000
LGF00064	Chelmsford Flood Alleviation Scheme	Essex	0.000	0.000	0.000	0.000	0.800		0.800
LGF00070	Beaulieu Park Railway Station	Essex	0.000	0.000	0.000		7.000	5.000	12.000
LGF00068	Coastal Communities Housing Intervention (Jaywick)	Essex	0.000	0.000	0.667				0.667
LGF00095	Gilden Way Upgrading, Harlow	Essex	0.000	0.000	5.000	0.000	0.000		5.000
LGF00098	Technical and Professional Skills Centre at Stansted Airport	Essex	0.000	0.000	2.000	1.500			3.500
LGF00100	Innovation Centre - University of Essex Knowledge Gateway	Essex	0.000	0.000	1.000	1.000			2.000
LGF00101	STEM Innovation Centre - Colchester Institute	Essex	0.000	0.000	0.100	1.900	3.000		5.000
LGF00102	A127/A130 Fairglen Interchange new link road	Essex	0.000	0.000			3.200	3.035	6.235
LGF00103	M11 Junction 8 Improvements	Essex	0.000	0.000		1.800	0.900	0.034	2.734
LGF00105	Mercury Rising Theatre	Essex				1.000			1.000
Kent									
LGF00003	I3 Innovation Investment Loan Scheme	Kent	0.000	0.389	2.951	0.661	1.000	1.000	6.000
LGF00006	Tonbridge Town Centre Regeneration	Kent	1.833	0.799	0.000	0.000			2.631
LGF00007	Sittingbourne Town Centre Regeneration	Kent	0.345	2.155	0.001	0.000			2.500
LGF00008	M20 Junction 4 Eastern Overbridge	Kent	0.488	1.712	0.000	0.000			2.200
LGF00009	Tunbridge Wells Jct Improvement Package (formerly - A26 London Rd/ Speldhurst Rd/ Yewlands)	Kent	0.603	0.189	0.049	0.959			1.800
LGF00010	Kent Thameside LSTF	Kent	2.051	0.480	0.720	0.348	0.500	0.400	4.500
LGF00011	Maidstone Gyratory Bypass	Kent	0.704	3.724	0.171	0.000			4.600
LGF00012	Kent Strategic Congestion Management programme	Kent	0.863	0.687	0.604	0.766	0.940	0.940	4.800
LGF00013	Middle Deal transport improvements	Kent	0.000	0.800	0.000	0.000			0.800
LGF00014	Kent Rights of Way improvement plan	Kent	0.193	0.056	0.137	0.213	0.200	0.200	1.000
LGF00015	Kent Sustainable Interventions Programme	Kent	0.143	0.406	0.529	0.563	0.500	0.586	2.728
LGF00016	West Kent LSTF	Kent	0.800	1.308	0.333	1.159	0.700	0.600	4.900
LGF00017	Folkestone Seafront : onsite infrastructure and engineering works	Kent	0.533	0.008	0.000	0.000			0.541
LGF00038	A28 Chart Road	Kent	0.885	0.984	0.887	0.000	3.119	4.325	10.200
LGF00039	Maidstone Integrated Transport	Kent	0.000	0.265	1.114	2.371	3.285	1.865	8.900
LGF00040	A28 Sturry Link Road	Kent	0.000	0.401	0.385	1.047	2.064	2.003	5.900
LGF00053	Rathmore Road	Kent	1.562	2.638	0.000	0.000			4.200
LGF00054	A28 Sturry Rd Integrated Transport Package	Kent	0.022	0.005	0.056	0.000	0.216		0.300
LGF00055	Maidstone Sustainable Access to Employment	Kent	0.131	1.869	0.000	0.000			2.000
LGF00059	Ashford Spurs	Kent	0.000	0.167	4.173	1.925	1.632		7.897
LGF00041	Thanet Parkway	Kent	0.000	0.000	0.000	1.000	7.355	1.645	10.000
LGF00058	Dover Western Dock Revival	Kent	0.000	4.915	0.085	0.000			5.000
LGF00060	Westenhanger Lorry Park (removed from Programme)	Kent				0.000			0.000
LGF00062	Folkestone Seafront (non-transport)	Kent	0.000	1.967	3.033	0.000			5.000
LGF00072	A226 London Road/B255 St Clements Way	Kent	0.000	0.715	0.846	2.638			4.200
LGF00068	Coastal Communities Housing Intervention (Thanet)	Kent	0.000	0.000	0.063	0.604			0.667
LGF00086	Dartford Town Centre Transformation	Kent	0.000	0.000	0.000	2.250	1.604	0.446	4.300
LGF00088	Fort Halsted	Kent	0.000	0.000	0.000	0.200	0.200	1.130	1.530
LGF00092	A2500 Lower Road	Kent	0.000	0.000	0.299	0.869	0.054	0.044	1.265
LGF00093	Kent and Medway Engineering and Design Growth and Enterprise Hub	Kent	0.000	0.000	1.953	2.167	2.000		6.120

Appendix 1 - LGF Financial Update (£m)

SELEP Number	Project Name	Promoter	Total (2015/16)	Total (2016/17)	Total (2017/18)	2018/19 (Total)	2019/20	2020/21	All Years
LGF00096	A2 off-slip at Wincheap, Canterbury	Kent	0.000	0.000	0.000	0.354	1.388	2.658	4.400
LGF00094	Leigh Flood Storage Area and East Peckham - unlocking growth	Kent	0.000	0.000	0.000	0.866	0.500	3.271	4.636
LGF00106	Sandwich Rail Infrastructure	Kent	0.000	0.000	0.000	1.016	0.876	0.011	1.903
Medway									
LGF00018	A289 Four Elms Roundabout to Medway Tunnel Journey time and Network Improvements	Medway	0.298	0.402	0.347	1.880	4.275	3.899	11.100
LGF00019	Strood Town Centre Journey Time and Accessibility Enhancements	Medway	0.200	1.772	0.944	6.085			9.000
LGF00020	Chatham Town Centre Place-making and Public Realm Package	Medway	0.870	0.945	0.881	1.303			4.000
LGF00021	Medway Cycling Action Plan	Medway	0.228	1.150	0.919	0.203			2.500
LGF00022	Medway City Estate Connectivity Improvement Measures	Medway	0.300	0.181	0.035	0.462	1.022		2.000
LGF00061	Rochester Airport - phase 1	Medway	0.000	0.179	0.182	0.318	3.720		4.400
LGF00089	Rochester Airport - phase 2	Medway	0.000	0.000	0.000	0.210	1.820	1.670	3.700
LGF00091	Strood Civic Centre - flood mitigation	Medway	0.000	0.000	1.122	2.378			3.500
Southend									
LGF00005	Southend Growth Hub	Southend	0.018	0.702	0.000				0.720
LGF00107	Sothend Forum 2	Southend	0.000	0.000	0.000	0.500	1.000	4.500	6.000
LGF00029	TGSE LSTF - Southend	Southend	0.800	0.200	0.000				1.000
LGF00045	Southend Central Area Action Plan (SCAAP) - Transport Package	Southend	0.000	0.767	1.083	1.150	2.000	2.000	7.000
LGF00057	London Southend Airport Business Park Phase 1 and 2 (including Southend and Rochford)	Southend	0.000	2.366	2.076	4.471	11.642	2.535	23.090
Thurrock									
LGF00030	TGSE LSTF - Thurrock	Thurrock	0.569	0.162	-0.015	0.285			1.000
LGF00046	Thurrock Cycle Network	Thurrock	0.000	0.096	2.384	2.520			5.000
LGF00047	London Gateway/Stanford le Hope	Thurrock	0.000	0.663	1.592	2.541	2.705		7.500
LGF00052	A13 Widening - development	Thurrock	0.000	2.708	0.000	2.292			5.000
LGF00056	Purfleet Centre	Thurrock	0.000	0.695	1.000	3.306	0.000	0.000	5.000
LGF00104	Grays South	Thurrock	0.000	0.000	0.000	0.000	3.000	7.840	10.840
Managed Centrally									
LGF00001	Skills	Skills	9.923	11.980	0.071				21.975
LGF00071	M20 Junction 10a	Kent			8.300	11.400			19.700
Sub-total			55.562	69.730	79.332	97.450	94.380	63.551	460.005

Provisional funding allocation from MHCLG		69.450	82.270	92.088	91.739	54.915	77.873	468.335
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LGF Carried Forward from previous financial year			13.888	26.428	39.185	33.474	-5.991
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LGF Option 4 and 5 mitigation 2015/16
LGF Option 4 and 5 mitigation 2016/17
LGF Option 4 and 5 mitigation 2017/18
Forecast LGF slippage 2018/19
Forecast LGF slippage 2019/20

13.888
26.428
39.185
33.474
-5.991

Retained schemes									
LGF00079	A127 Fairglen Junction Improvements	Essex (retaine	0.000	0.000	0.000		4.750	10.250	15.000
LGF00080	A127 Capacity Enhancements Road Safety and Network Resilience (ECC)	Essex (retaine	0.513	3.487	0.000	0.000	0.000		4.000
LGF00081	A127 Kent Elms Corner	Southend (ret	0.500	2.389	1.411	0.000			4.300
LGF00082	A127 The Bell	Southend (ret	0.000	0.000	0.000	0.400	1.100	2.800	4.300
LGF00083	A127 Essential Bridge and Highway Maintenance - Southend	Southend (ret	0.400	0.289	0.311	1.000	3.000	3.000	8.000
LGF00084	A13 Widening	Thurrock (reta	0.000	0.000	13.408	17.610	29.474	5.565	66.058
Total			56.975	75.895	94.462	116.459	132.704	85.167	561.663



Appendix 2 Deliverability and Risk Update												
SELEP number	Project Title	Promoter	LGF allocation (£m)	Accountability Board Decision (Business Case)	Project Update	project completion date	Project Risk					
							Financial	Comment	Delivery	Comment	Reputation	Comment
East Sussex												
LGf00002	Newhaven Flood Defences	East Sussex	1.500	Approval for spend of full LGf allocation	Construction started Nov 2016 and is scheduled to be completed by autumn 2019. Construction constraints in the port area have required the Environemnt Agency to review the final design proposals and they are consulting with East Sussex County Council on flood risk.	Feb-20	1	Being implemented	1	On track	1	
LGf00023	Hailsham/Polegate/Eastbourne Movement and Access Transport scheme	East Sussex	2.100	Approval for spend of full LGf allocation	Spend currently allocated towards the detailed design of Phase 1 approved schemes for delivery in 2019/20 onwards as well as delivery of pedestrians improvements in Victoria Drive and design of Battle Road/London Road junction improvement in Hailsham.  No currently anticipated spend issues.	Mar-20	3	To be implemented late 18/19 onwards	2	To be implemented late 18/19 onwards	1	
LGf00024	Eastbourne and South Wealden Walking and Cycling LSTF package	East Sussex	6.600	Approval for £2m allocation. Approval to be sought from the Board for the remaining allocation	Funding currently allocated to the completion of Horsey cycle route Phase 3 (now open); construction of Horsey cycle route Phase 1b, Meads pedestrian improvemetns and Willingdon Drove cycle route as well as design of schemes to enable spend of remaining £4m of LGF monies for the walking and cycling package.  No currently anticipated spend issues.	Mar-21	1	Technical delivery issues from previous years have been overcome.	1	Project on course for delivery following delays in previous years. Looking to accelerate delivery this and future financial years	1	
LGf00036	Queensway Gateway Road	East Sussex	10.000	Approval for spend of full LGf allocation	Construction of the embankment is nearing completion with junction works at Queensway due to commence in August 2018. Agreement in principal reached on the relocation of Bartletts SEAT, although the timetable for this remains uncertain. Contract for remaining construction phase wih Breheny Civil Engineering still being negotiated and dependant on timesacles for the relocation of SEAT. Negotiations are underway with Sainsbury's regarding the land adjacent to the A21.	Jan-19	3	Higher than expected tender returns for phase 2 of the construction and some delays on delivery	2	Reallocation of funding from other LGf projects approved in Q4 2017/18 to cover potential overspends	5	
LGf00066	Swallow Business Park, Hailsham (A22/A27 Growth Corridor)	East Sussex	1.400	Approval for spend of full LGf allocation	The LGf portion of the project is now complete and the site is already home to a single occupancy unit of 3000sqm. The developer is now in discussions with a number of potential tenants looking at take possession of plots at the back of the site. Construction of the starter units is now well underway and will be ready for tenants in autumn 2018.	Mar-17	1	Project Complete	1	Project Complete	1	
LGf00067	Sovereign Harbour (aka Site Infrastructure Investment)	East Sussex	1.700	Approval for spend of full LGf allocation	This project is now complete with all three sites fully access enabled with substantial improvements to the utility provision. There have been a number of enquiries about development on the sites with Heads of terms agreed for 1 company and planning permission in progress.	Mar-17	1	Project Complete	1	Project Complete	1	
LGf00085	North Bexhill Access Road and Bexhill Enterprise Park	East Sussex	18.600	Approval for spend of full LGf allocation	Earthworks at the Northern embankment are almost complete over the Combe Haven. Construction of the junction works at Ninfield Road and Watermill Lane has begun with online works due to begin July with completion and opening set for mid October 2018.	Oct-18	1	Near completion - open October 2018	2	Reallocation of funding from other LGf projects approved in Q4 2017/18 to cover potential overspends	2	
LGf00042	Hastings and Bexhill Movement and Access Package	East Sussex	9.000	Approval for spend of full LGf allocation	£12m package which now combines the former Walking and Cycling package and Junction Improvement package but reduced to £9m - £3m reallocated to QBR/NBAR. Business case to unlock £9m LGf allocation approved by Accountability Board in 17/18 Q4.  Design work in a number of areas has not yet commenced which may affect progress and spend over financial year - fixed term Project Manager in place to manage development of LGf local transport projects particularly focussed on these schemes but likely to be £1m slippage in spend this financial year.	Mar-21	1		1		1	
LGf00043	Hastings and Bexhill LSTF walking and cycling package (combined with above scheme)	East Sussex	0.000		Merged with LGf00042 and removed from the programme	Mar-21						
LGf00044	Eastbourne town centre LSTF access & improvement package	East Sussex	8.000	Approval for Phase 1. Approval to be sought from the Board for the remaining LGf allocation.	<b>Phase 1:</b> Works started 19 March 2018 with Mildren Construction undertaking works. Additional £2m reallocated from Eastbourne Walking and Cycling Package to cover overall cost of scheme following tender process (including contingency). Delays in construction due to stats - water main, HV cable etc - and concrete slab found under carriageway in Terminus Road which has meant changes required to the schem design. Key pressure at present is the delivery of the initial phase of the scheme outside the entrance to the Beacon (extension to the Arndale) ahead of opening of first tranche of units in early September. Still currently anticipating overall spend within available budget. <b>Phase 2:</b> Following transport study, designs are being developed for next phase of the scheme. Business case to be submitted to SELEP February 2019 Accountability Board.	Mar-21	2	Phase 1 is on site albeit some delay in construction programme	2	Increase in total cost of Phase 1 resulted in reallocation of funding from other LGf projects	3	
LGf00073	A22/A27 junction improvement package	East Sussex	1.000	Approval to be sought at a future meeting of the Board	LGF funding reduced from £4 to £1m. The funding will be used towards the A22 GJW/A27 roundabout and A22 GJW/Dittons Road roundabout improvements as identified in the Wealden Local Plan IDP and Wealden Local Plan Transport Study. Design work commenced in 2018/19.  Other junction improvements at A2270/Wannock Road/Polegate HS to be funded through HPE MAC LGf allocation and A27/A2270 signals through Highways England's A27 smaller scale intervention package. Scheme at Cophall dependent on outcome of A27 East of Lewes study considering more comprehensive solutions between Lewes and Polegate.	Mar-21	1	Project currently at feasibility stage	1	No LGf spend until future years of the programme.	1	
LGf00068	Coastal Communities Housing Intervention Hastings	East Sussex	0.667	Approval for spend of full LGf allocation	Grant agreement between East Sussex County Council and Hastings Borough Council has been signed. Property has been identified and purchased. All LGf funds have been defrayed to project partner. The housing association Optivo who have taken possession of the property are now developing a plan for full refurbishment of the property to create 16 social housing units as part of the Coastal Space prgramme.	Apr-19	1	Property approved and purchased	1		1	
LGf00097	East Sussex Strategic Growth Project	East Sussex	8.200	Approval for spend of full LGf allocation	Work on the road extension at Benxhill Enterprise Park completed in September 2017. Construction of High Weald House at Bexhill is well underway with the erection of the steel skeleton due to be completed in August 2018.	Mar-21	2	Whilst initial delays in the appointment of a main contractor this project is now on site	1		1	
LGf00099	Devonshire Park	East Sussex	5.000	Approval for spend of full LGf allocation	Construction of the Welcome Building has progressed well and is on course for completion in December 2018.	Mar-20	1		1		1	
Essex												
LGf00004	Colchester Broadband Infrastructure	Essex	0.200	Approval for spend of full LGf allocation	Completed in 15/16.	Mar-16	1	Complete	1	Complete	1	
LGf00025	Colchester LSTF	Essex	2.400	Approval for spend of full LGf allocation	Completed	Dec-16	1	Complete	1	Complete	1	
LGf00026	Colchester Integrated Transport Package	Essex	5.000	Approval for spend of full LGf allocation	Mainly design for future packages	Mar-21	4	Being implemented some procurement issues on one package.	2	One package has seen increased costs.	1	No current reputational risk.

Appendix 2 Deliverability and Risk Update												
SELEP number	Project Title	Promoter	LGF allocation (£m)	Accountability Board Decision (Business Case)	Project Update	project completion date	Project Risk					
							Financial	Comment	Delivery	Comment	Reputation	Comment
LGFO0027	Colchester Town Centre	Essex	4.600	Approval for spend of full LGF allocation	Lexden Rd remaining	Jan-18	2	Delay to programme due to revise design for Lexton Bus Lane.	2	Slippage of LGF spend to 2017/18	2	Elements of the scheme have proved unpopular.
LGFO0028	TGSE LSTF - Essex	Essex	3.000	Approval for spend of full LGF allocation	Completed.	Mar-17	1	Complete	1	Complete	1	
LGFO0031	A414 Pinch Point Package: A414 First Avenue & Cambridge Rd junction	Essex	10.487	Approval for spend of full LGF allocation	Final packages in design/ on site	Mar-19	3	Some large variances from original programmes.	3	Slippage of LGF spend to 2017/18	1	Unlikely to be a reputational issue given the high level of outputs associated with the programme.
LGFO0032	A414 Maldon to Chelmsford RBS	Essex	2.000	Approval for spend of full LGF allocation	Completed Dec 16.	Dec-16	1	Complete	1	Complete	1	
LGFO0033	Chelmsford Station / Station Square / Mill Yard	Essex	3.000	Approval for spend of full LGF allocation	On Site	Mar-19	1	Complex project and project delays previously experienced	1		1	
LGFO0034	Basildon Integrated Transport Package	Essex	9.000	Approval for phases 1 and 2. Approval for Phase 3 to be sought from a future Board meeting.	Design work for tranche 2 progressing.	Mar-21	3	Major issues with land owner threaten to undermine the business case.	2	Issues with landowner has the potential to add cost.	2	Potential for escalation to formal legal proceedings.
LGFO0037	Colchester Park and Ride and Bus Priority measures	Essex	5.800	Approval for spend of full LGF allocation	Completed.	Apr-15	1	Complete	1	Complete	1	
LGFO0079	A127 Fairglen Junction Improvements	Essex	15.000	Approval to be sought at a future meeting of the Board	In PCF Stage 1	TBC	3	Risk of delivery extending beyond Growth Deal period and DfT / HE processes and planning (tbc) present programme risks.	2	Cost plan being worked up.	1	
LGFO0080	A127 Capacity Enhancements Road Safety and Network Resilience (ECC)	Essex	4.000	Approval for spend of full LGF allocation	Mixture of site works and design activity.	Mar-20	1	Being implemented	1	LGF fully spent	1	
LGFO0048	A131 Chelmsford to Braintree	Essex	3.660	Approval for spend of full LGF allocation	Initial packages now on site	Mar-20	1		1		1	
LGFO0049	A414 Harlow to Chelmsford	Essex	2.173	Approval for spend of full LGF allocation	All packages in detailed design	Mar-20	1		1	No LGF spend forecast until 18/19	1	
LGFO0050	A133 Colchester to Clacton	Essex	2.740	Approval for spend of full LGF allocation	All packages in detailed design	Mar-20	1		1	No LGF spend forecast until 18/19	1	
LGFO0051	A131 Braintree to Sudbury	Essex	1.800	Approval to be sought during Board meeting Jun 2018	Yet to develop full programme.	Mar-21	2		2	No LGF spend forecast until 19/20	1	
LGFO0063	Chelmsford City Growth Area Scheme	Essex	10.000	Approval for spend of full LGF allocation	Business case due to go to Feb 18 Board	Mar-21	2		1	No LGF spend forecast until 17/18. Consultation > possible delay risk	2	
LGFO0064	Chelmsford Flood Alleviation Scheme	Essex	0.800	Approval to be sought at a future meeting of the Board	Stalled due to legal issues.	TBC	1	Risk with Environment Agency	1	Risk with Environment Agency	1	Risk with Environment Agency
LGFO0070	Beaulieu Park Railway Station	Essex	12.000	Approval to be sought at a future meeting of the Board	About to enter GRIP Stage 3.	TBC	4	Complex. Delay could also mean implementation post-LGF programme period.	5	Complex rail project and total project cost is currently uncertain	4	
LGFO0068	Coastal Communities Housing Intervention (Jaywick)	Essex	0.667	Approval for spend of full LGF allocation	Discussing with legal transfer of capital to districts.	Jun-19	1		1		1	
LGFO0095	Gilden Way Upgrading, Harlow	Essex	5.000	Approval for spend of full LGF allocation	In design stages.	Q4 2021	2	Links in with junction 7a construction..	1		1	
LGFO0098	Technical and Professional Skills Centre at Stansted Airport	Essex	3.500	Approval for spend of full LGF allocation	Contractor Procurement	Sep-18	1		1		1	
LGFO0100	Innovation Centre - University of Essex Knowledge Gateway	Essex	2.000	Approval for spend of full LGF allocation	Developing business case	Jan-19	1		1		1	
LGFO0101	STEM Innovation Centre - Colchester Institute	Essex	5.000	Approval for spend of full LGF allocation	Two campus sites being progressed.	Jan-19	1		1		1	
LGFO0102	A127/A130 Fairglen Interchange new link road	Essex	6.235	Approval to be sought at a future meeting of the Board	Initial design stages.	Apr-22	3	Risk of delivery extending beyond Growth Deal period and DfT / HE processes and planning (tbc) present programme risks.	2	Cost plan being worked up.	1	
LGFO0103	M11 Junction 8 Improvements	Essex	2.700	Approval for spend of full LGF allocation	Currently trying to plug funding gap.	Mar-21	1		3	Concern on £1m to	2	
LGFO0105	Mercury Rising Theatre	Essex	1.000	Approval for spend of full LGF allocation	Match funding all now in place.	Mar-20	1		1		1	
Kent												
LGFO0003	Kent and Medway Growth Hub	Kent	6.000	Approval for spend of full LGF allocation	<ul style="list-style-type: none"><li>Phase 1 to 7 complete</li><li>Phase 7 opened to pre-applications in June 2018 and will close in August 2018 to allow presentation to Panel in September 2018.</li></ul>	Mar-21	2	Alternative Security and the requirement to return to panel has delayed the drawdown of some loans by applicants.	1	Large underspend in 2016/17,however this has been recovered in 2017/18 with a realistic profile of spend now in place for later years	1	Annual Project of Loans available to SMEs. Strict criteria means that companies are not always successful in their applications.
LGFO0006	Tonbridge Town Centre Regeneration	Kent	2.631	Approval for spend of full LGF allocation	Main works complete (June 2016) - Main Works completed on High Street (Phase 1), River Walk improvements and Hadlow Road/Cannon lane junction improvements (Phase 2) but some supplementary High Street footway improvements are planned with £50K 3rd party funding.	September 2016	1	Phase 1 completed - High Street improvements June 2016 Phase 2 completed - River Walk improvements April 2017 / Hadlow Road/Cannon Lane jct improvements completed September 2016.	1		1	
LGFO0007	Sittingbourne Town Centre Regeneration	Kent	2.500	Approval for spend of full LGF allocation	The second phase of the S278 works are underway and will be carried out for 4 months until October 2018. Once complete, the works will release the multi-storey car park and leisure areas, taking the Spirit of Sittingbourne regeneration project forward significantly.	Oct-18	4	Delivery of outputs (cinema and retail still on target) but delayed significantly	1	LGF allocation spent in full in 2016/17 and is underwritten by Swale BC, further breakdown of match fund spend requested from 3rd party.	3	Public perception of scheme may be poor due to long term nature of project and signing about upcoming scheme. Works now on site so need to progress to revised schedule
LGFO0008	M20 Junction 4 Eastern Overbridge	Kent	2.200	Approval for spend of full LGF allocation	Main works complete (Feb 2017)	Feb-17	1	Main works complete (Feb 2017)	1		1	



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LGFO0009	Tunbridge Wells Jct Improvement Package (formerly - A26 London Rd/ Speldhurst Rd/ Yew Tree Rd, Tun Wells)	Kent	1.800	Approval for spend of full LGF allocation	Contractor given construction documents ready for an August 2018 start on site.	Scheme Delivered (Phase 1 - May 2016) Phase 2 - 31/03/2019	4	Business case approved in Sept 17 but overall works delayed while decision on final scheme is taken.	4	Amended spend profile for 2018/19 to reflect updated project programme and current scheme.	2	Phase 1 delivered on time, current delivery still on programme with consultation material and Tunbridge Wells and T&M being kept updated with final scheme options
LGFO0010	Kent Thameside LSTF	Kent	4.500	Approval for spend of full LGF allocation	Barrack Row Bus Hub - Land Purchase completed on 29th March 2018.  Princes Rd cycle route - Consultation closed on 10th June 2018 and KCC will be analysing the responses received. Construction is now planned for late summer/autumn 2018.  Burnham Rd Toucan - A consultation report was approved by Dartford Borough Council and KCC's consultation team with the proposal also agreed by the JTB.  Gravesend Station to Cyclopark cycle route - A high proportion of consultation comments were received on the original route and therefore a further feasibility study has been carried out to explore alternatives. A further low-key consultation has now been carried out on an alternative route which has been agreed with Gravesham Borough Council.	Mar-21	5	Barrack Row scheme has been delayed by more than 12 months due to long term nature of land purchase from NR	2	Reprofiling of allocation into 2018/19, as Land purchase was not achieved before end of March 2017. A realistic profile of spend is now in place for later years.	1	On target with programme set out in consultation of Princes Road and Burnham Road schemes.
LGFO0011	Maidstone Gyratory Bypass	Kent	4.600	Approval for spend of full LGF allocation	Main works complete (Dec 2016)	Dec-16	1	Main works complete (Dec 2016)	1		1	
LGFO0012	Kent Strategic Congestion Management programme	Kent	4.800	Approval for spend of full LGF allocation	2015/16 schemes completed (HMC Technology Refresh - Database/CCTV & VMS)  2016/17 schemes completed (A292 Mace Lane/ Wellesley Road, & Somerset Road/ Canterbury Road junction improvements in Ashford).  2017/18 schemes completed (Barton Hill Drive temporary improvement and Dartford Network Improvements)  2017/18 schemes: A229 Bluebell Hill CITS Scheme - The technology contract for works on the A2/M2 has been awarded to Costain. Atkins are working on behalf of KCC and liaising with WSP to ensure conformity of systems. Physical works likely to start Autumn 2018, however, risk remains around the timescales for delivery.  2018/19 schemes: Wateringbury Crossroads – outline design now complete, detailed design needs to start immediately so programme of delivery can be confirmed.  Tunbridge Wells link assessment – Commission raised to take forward scheme.  Dover TAP/ ITS assessment - KCC in discussion with HE/Atkins regarding a task order for works to be commissioned in a consistent way on the KCC network.	Mar-21	2	Annual programme of works which are difficult to deliver in timescales - EU Connected Corridor scheme reliant on other partners	3	Re-profiling into 2017/18, which is per most recent business case	2	Some issues with Barton Hill Drive scheme over delivery not timescales, schemes are normally complimentary to larger works packages.
LGFO0013	Middle Deal transport improvements	Kent	0.800	Approval for spend of full LGF allocation	KCC have ongoing discussions with Quinn Estates and two main issues are outstanding:  1) Environmental / flood consent – This was due to be resolved by the end of January 2018 but has slipped further due to a change in contact at EA. Quinn resubmitted the information to the EA and were due to meet with them on 19th June, but the meeting was cancelled, and the issue has now been escalated within the EA. 2) Planning consent - Revision to the planning consent (to allow for a slightly tweaked road layout) was submitted before Christmas and Quinn are liaising with Dover DC on the anticipated decision date. The Planning Officer has requested that the changes to the alignment of the road be wrapped up with reserved matters submission. The signing of the S38 agreement will then follow this with an anticipated scheme delivery date of Summer /Autumn 2018.	Target Autumn 2018	5	Works on site have paused as require further agreements with Southern Water and EA.	1	LGF Allocation spent and evidenced, clawback to be enforced by KCC if S38 and remaining issues are not dealt with.	3	Works have been on site for some time with limited visible progress
LGFO0014	Kent Rights of Way improvement plan	Kent	1.000	Approval for spend of full LGF allocation	2015/16 schemes completed (Loose Greenway)  2016/17 schemes completed (Finberry to Ashford scheme - Path improvement scheme completed on 12th March 2018 in line with expected completion date)  2017/18 schemes in progress - Powder Mills scheme (Leigh to Tonbridge). KCC has submitted application for EA permit to enable works to proceed within the flood plain. This has been acknowledged by the EA and is currently being processed. A site meeting was also held with the landowner and the contractor to check the ground conditions, review the works specification, mark out the access track and clarify on site working arrangements. It is hoped that ground conditions will improve during the summer whilst the EA permit application is being processed  2018/19 feasibility schemes - St Peter's Village scheme (extension from Aylesford to Burham). Route has been inspected and initial meeting with landowner has been held.	Finberry to Ashford Completed on 12th March 2018 Powder Mills likely to be completed in Summer 2018	3	Being implemented, but delay to project delivery in 2016/17 (Power Mills 17/18 scheme accelerated to help with spend)	3	Recorded a reduced spend in 2017/18, which is now included in profile for later years.	1	Small packages of work, which are tied into the timescales of local developments.
LGFO0015	Kent Sustainable Interventions Programme	Kent	2.728	Approval for 2015/16 - 2018/19. Approval required for 2019/20 - 2020/21 allocations	2015/16 schemes completed (Sittingbourne TC & Dartford cycle routes, South Street & Deal).  2016/17 schemes completed (Folkestone Town Centre - Schools to Harbour Cycle links, Thames Greenway Cycle path, Folkestone to Dymchurch Cycle improvements, Highfield Lane/Kingsford Street, Mersham, Ashford & A21 NMU via Pembury Road, Tunbridge Wells, Tonbridge Angels to Rail Station cycle improvements). 2017/18 schemes completed (Morants Court Roundabout -Polhill, Sevenoaks & Kent Spa, Castle Ride cycle & Folkestone to Hythe Cycle Improvements. Morehall to Folkestone Central Station Cycle Route)  2018/19 schemes: Sloe Lane, Thanet – Cyclepath Upgrade – Scheme on hold due to increasing costs and substantial land issues. A228 Holborough, T&M – Proposed Puffin Crossing - Initial designs being reviewed and early discussions held with KCC Member and Parish Council. Traffic surveys undertaken and design progressing. A2070 Barrey Road, Ashford – Junction Improvements - £150,000 contribution (although now fully funded by HE so alternative scheme will be required) Forward Scheme Identification and Design (2018/19) - Meeting has been held with MBC regarding a scheme to install a puffin crossing on Forstal Road, Aylesford.	Mar-21	3	Being implemented	1	Small reprofiling of allocation into later years, given short delays to individual scheme and requirement for 18/19 scheme approval through SELEP BC.	1	Small packages of work, which are tied into the timescales of larger schemes.

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LGF00016	West Kent LSTF	Kent	4.900	Approval for spend of full LGF allocation	<p>KCC Scheme Delivery team and Amey TMC. An outline design has been agreed by TWBC which is being looked at by Amey so that a revised delivery programme and final scheme costs can be calculated. TWBC will retain the LGF contribution and will be responsible for the consultation and engagement before delivery.</p> <p>Maidstone East - KCC is waiting on a revised design of the new station forecourt following feedback from the project team. Comments from KCC agreements team are due before NR apply for planning in mid-July. NR have indicated (but not yet confirmed) that the demolition of the Vic PH will now be funded from their commercial team given the increased risk. KCC are awaiting confirmation of whether the £162k originally included in the overall budget for the demolition will come back to the project.</p> <p>Tonbridge - Construction of the scheme, which will include Barden Road, is due to start at the end of July 2018 and run through until November 2018. JTB members were consulted on the likely requirements for anti-terrorism bollards outside the station, as KCC is following the official advice to install them. Southeastern are to seek official advice to see if numbers of bollards can be reduced.</p> <p>Swanley Station - CIL funding was approved in May 2018 subject to further investigation of the disabled access on the north entrance and consultation with stakeholders. Southeastern have indicated that disabled access on the north entrance could cost up to £1.5m due to the difficult nature of the site. KCC is awaiting confirmation from Sevenoaks DC Cabinet that they will fund the £750k match funding. In</p>	Mar-21	4	Maidstone East and Tunbridge Wells likely to be 12 months behind original programme, issues with NR acceptance and funding and DC over scheme to deliver.	3	Requirement to confirm programme for T Wells Public Realm Phase 2 and associated spend profile.	3	Public perception of Maidstone East Scheme may be poor because hoardings have been up for some time with limited work to date.
LGF00017	Folkestone Seafront : onsite infrastructure and engineering works	Kent	0.541	Approval for spend of full LGF allocation	Main works complete (2015/16)	2015/16	1	Complete	1	Complete	1	
LGF00038	A28 Chart Road	Kent	10.200	Approval for spend of full LGF allocation	Developers have failed to provide the required bond or agree to the alternative solution proposed by Ashford Borough Council/Kentn County Council consequently a decision has been made that the scheme will be deferred until such time that Hodson can provide the funding security KCC require. Discussions are still ongoing with Homes England and Ashford BC about a possible solution to the security bond issue. Amey are continuing with completion of the outstanding design information and are programmed to issue the complete design package by the end of June. Legal teams are continuing to progress land deals.	01/12/2019 (TBC)	5	Originally being implemented and accelerated against original programme, however failure of Hodsons to obtain bond has caused scheme to be put on hold.	4	Accelerated LEP spend to help with underpend on programme, however all costs currently on hold.	3	Public perception of scheme is now poor given negative press regarding the scheme not progressing, particularly given the vegetation clearance works that were carried out being the scheme was put on hold.
LGF00039	Maidstone Integrated Transport	Kent	8.900	Approval for Phase 1 and 2 only.	<p>Phase 1</p> <p>1) A274 Sutton Road j/w Willington Street - Works have been put on hold due to lack of Political support.</p> <p>2) A20 London Road j/w Willington Street - A commission has been raised for a feasibility design to be undertaken that satisfies the requirements of local members to address the congestion on all approaches. This commission will be completed by October 2018.</p> <p>Phase 2</p> <p>3) M20 J5/Coldharbour R/bout – A commission has been issued to develop the feasibility design through to outline design following the approval of the business case. This will allow the detailed design to be completed by May 2019 with a summer/autumn 2019 construction commencement, subject to land acquisition.</p> <p>Further phases:</p> <p>4) Wheatsheaf/Cripple Street/Boughton Lane/Armstrong Road/Sheals Crescent - A commission has been raised for outline design on the A229 Loose Road corridor. This includes the proposal for the ‘Wheatsheaf’ junction. The commission is due to be completed in October 2018.</p> <p>5) Hermitage Lane j/w St Andrews Road - A commission has been raised to develop the concept design to outline design. Design work has commenced and is due to be completed in September 2018.</p>	Delay on Willington Street due to consultation - Coldharbour - Summer 2020	5	Amendment to project scope and project programme is required.	4	Slippage of LGF spend from 2016/17 to 2017/18 and then to 2018/19.	4	The public has not seen any scheme start to be constructed as part of this package due to agreements required over final scheme delivery.
LGF00040	A28 Sturry Link Road	Kent	5.900	Approval for spend of full LGF allocation	The traffic modelling is now available and has been issued to Amey to complete the Noise and Air Quality assessments. Further work required on the planning application which is scheduled to be submitted on 31st July 2018.	Oct-20	5	Complex project with local funding from 3 developers.	4	Slippage of LGF spend against original business case	1	Project is in very early stages and work is ongoing, public engagement only recently undertaken
LGF00053	Rathmore Road	Kent	4.200	Approval for spend of full LGF allocation	Main works complete (January 2018) with official opening held on 19th January 2018.	Oct-17	1	Main works complete (Dec 2016)	1		1	
LGF00054	A28 Sturry Rd Integrated Transport Package	Kent	0.300	Approval for spend of full LGF allocation	No progress this period as scheme has been placed on hold.	Spring/Summer 2018 (Scheme on hold)	5	Scheme on permanent hold	3	LGF spend delayed to 18/19.	3	Public consultation only recently underatken and locally the scheme is not popular with businesses and residents affected by works.
LGF00055	Maidstone Sustainable Access to Employment	Kent	2.000	Approval for spend of full LGF allocation	Main works complete (May 2017) with official opening held on 6th October 2017 and attended by Tracey Crouch and Mike Hill.	Jun-17	1	Main works complete (May 2017)	1		1	
LGF00059	Ashford Spurs	Kent	8.774	Approval for spend of full LGF allocation	<p>Main works complete (April 2018) with official opening held on 3rd April 2018.</p> <p>Following the launch, technical problems have arisen which have caused Eurostar to temporarily suspend the operation of their new e320 trains at Ashford International. Eurostar and NR are working together to diagnose the problem and determine its resolution.</p>	Mar-18	1	Main works complete (March 2018)	1	Most recent cost estimate has predicted a possible overall underspend once delivered. Large underspend will be re-profiled into later years to be used elsewhere in the programme.	2	Main works completed on target to meet new timetable of 1st April 2018, however, technical issues may affect future service in short term
LGF00041	Thanet Parkway	Kent	10.000	Approval to be sought from the Board at a future meeting	Grip Stage 3/4 – Planning application was submitted to KCC Planning Applications Group on 31st May 2018. Network Rail have been asked to complete GRIP stage 4 and Archaeological works are out to tender on the KCC portal.	TBC	5	Current funding gap leading to delayed project delivery.	5	Project funding gap is impacting project delivery.	5	Consultation carried out but project is in early stages
LGF00058	Dover Western Dock Revival	Kent	5.000	Approval for spend of full LGF allocation	A20 works are complete and work continues on the marina pier. KCC have received from DHB a breakdown of the overall A20 scheme costs and the final invoice for the remaining LGF allocation was set up as a creditor for 2017/18 and will be paid in early 2018.	Apr-17	1	Main works complete (April 2017)	1		1	
LGF00060	Westenhanger Lorry Park (removed from Programme)		0.000		N/A			Removed from programme. Approval given to reallocate funds to Ashford Spurs		Removed from programme. Approval given to reallocate funds to Ashford Spurs		
LGF00062	Folkestone Seafront (non-transport)	Kent	5.000	Approval for spend of full LGF allocation	Main works complete (April 2018).	Mar-18	1	Main works complete (April 2018)	1		1	



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LGf00072	A226 London Road/B255 St Clements Way	Kent	4.200	Approval for spend of full LGf allocation	Works are progressing to programme, with SGN diversions now complete and UKPN diversionary works continuing to plan. Ivy Villas retaining wall has been carried out, while drainage works are also continuing, and kerbing works are due to commence this period. Landscape design has been reviewed by KCC landscape team and Member update meeting was held on 14th June.	May-19	1	Accelerated delivery	1	Accelerated LEP spend to help with underpend on programme	1	Good perception of scheme, some negative feedback regarding loss of vegetation, mitigated by further landscape design works.
LGf00068	Coastal Communities Housing Intervention (Thanet)	Kent	0.667	Approval for spend of full LGf allocation	1. Ethelbert Crescent – This project has planning consent & Thanet DC have signed contracts with the contractor (WM Martins) with pre-work meetings arranged for the end of June 2018. WW Martins are a local company who are also currently completing a new build project for Thanet DC. 2. Warwick Road – Thanet DC are progressing this project and are looking to appoint a contractor in August 2018 with a construction period between September 2018 and August 2019.	Mar-21	3	Issues with planning requirements	3	Ethelbert Crescent works to begin in summer 2018 but Warwick Road unlikely to begin until later in 2018 so some risk to LGf spend unless front loaded.	2	
LGf00086	Dartford Town Centre Transformation	Kent	4.300	Approval for spend of full LGf allocation	Following the approval of the Business Case by SELEP in April 2018, Dartford Borough Council (DBC) have provided revised costings and the structure of the Vissim model for comment by Kent County Council. The traffic monitoring surveys were completed as planned and Project Centre are ready to start loading the model once the structure is approved. DBC have held discussions with Balfour Beatty and the feasibility stage of the SCAPE Procurement process has been completed. Further consideration about the appropriateness for delivery of the whole project via SCAPE is taking place and other options are being investigated.	Mar-21	4	Project to be delivered by Dartford BC	3	HCA and LGf contributions confirmed but programme and spend profile need to be confirmed to maximise spend in 18/19.	3	Early engagement carried out but full scheme details and transport improvements require consultation
LGf00088	Fort Halsted	Kent	1.530	Approval to be sought from the Board at a future meeting	Sevenoaks District Council have confirmed that the MoD will not be relocating from the site until December 2020, which makes a scheme at Fort Halstead unfeasible in the LGf timescales. Approval from KMEP and SELEP to re-allocate this funding to another scheme will be required and a business case will need to be submitted before 16th November 2018 to demonstrate deliverability.	Dec-21	5	Project to be delivered by Sevenoaks DC	4	Spend risk in 18/19 if business case not approved this financial year	3	
LGf00092	A2500 Lower Road	Kent	1.265	Approval for spend of full LGf allocation	The contract for the construction works has been awarded to Breheny Civil Engineering and works commenced on site on 25th June 2018 and a sod cutting ceremony held on 29 <sup>th</sup> June 2018.	Mar-19	2	Delivery will be needed outside of summer months when route is busy with summer trade.	1		1	
LGf00093	Kent and Medway Engineering and Design Growth and Enterprise Hub	Kent	6.120	Approval for spend of full LGf allocation	Work is ongoing on the delivery of Building 2, with the detailed design phase now concluded. Similar detailed planning and implementation work has continued on the curriculum development; marketing, communications and schools/ employer engagement. The new Project Plan is being refined following the Project Planning workshop held on 2 <sup>nd</sup> May 2018.	Sep-19	1	Project to be delivered by CCCU	1	Funding agreement finalised and LGf released	1	
LGf00096	A2 off-slip at Wincheap, Canterbury	Kent	4.400	Approval to be sought from the Board at a future meeting	Highways England has accepted the revised modelling, but there are several departures from standards in the design which will require approval from Highways England. The Growth and Housing bid has moved forward to the value management stage and a workshop was held on Thursday 22nd February in Canterbury with Highways England. If successful, this scheme will be awarded £4.4m GHF and therefore the £4.4m LEP funding will be surplus and can be used on another scheme.	Oct-20	5		3		3	
LGf00094	Leigh Flood Storage Area and East Peckham - unlocking growth	Kent	4.636	Approval to be sought for Phase 1 during meeting. Approval required for future phases.	The business case (Based on the EA Outline BC) has been submitted for the Leigh Flood Storage scheme (Part 1). The timescales for delivery and spend are a risk given that the EA have suggested that construction is likely to be in 2020/21. The East Peckham element is currently being revisited and a new timetable will follow, because of the most recent funding gap that has been identified.		3	East Peckham element of overall package of works requires further funding	3	Spend of a part of the overall LGf contribution is only possible before 31st March 2021	3	
LGf00106	Sandwich Rail Infrastructure	Kent	1.026	Approval for spend of full LGf allocation	Network Rail produced the delivery options and power upgrade report at the start of May 2018, including revised estimated costs. This has reduced the final cost and funding gap for the project, which has been met by the original funders, including the DfT who have requested that NR carry out the power upgrade from an internal budget. On 15th June 2018 the SELEP Board approved an additional re-allocation from Ashford Spurs of £877,425 which now means the Open Golf project is fully funded. KCC can now enter into the Implementation Agreement (IA) for Grip 3b to 8 (Grip 3a is the enabling work currently being progressed). Risks remain over the likely planning and heritage approval required for the improvement works.	Jul-19	1	Confirmation of funding contribution and 3 event deal is in place.	1	Funding package not confirmed	1	
Medway												
LGf00018	A289 Four Elms Roundabout to Medway Tunnel journey time and network improvements	Medway	11.100	Approval in part. Full Business Case to come forward	Following the review of estimated costs, which identified a significant budget shortfall based on the original proposal, a number of alternative options which can be delivered to budget have been considered. Following an options appraisal process a preferred option has been identified. This option forms the basis of the revised Outline Business Case which was approved at the February 2018 Accountability Board meeting.  A consultant has been appointed to progress the design for this scheme and work on the RIBA stage 3 design is now complete. Work has commenced on interrogating the red line drawing to identify the extent of land take required.	Dec-20	2	Revised Outline Business Case now approved by Accountability Board and work on the outline design is now complete.	5	Uncertainty regarding spend on the project until the revised scheme proposals have been fully designed and costed.	2	Concern regarding negative public response to scheme proposals due to reduction in scope as a result of the reduction in available budget.
LGf00019	Strood town centre journey time and accessibility enhancements	Medway	9.000	Approval for spend of full LGf allocation	Work has continued onsite, with the project still on track for completion by the end of March 2019.	Mar-19	1	Work is continuing onsite and completion is still expected by end of March 2019.	2	Slight slippage within 2018/19.	1	Positive response received to public consultation exercise. No significant changes made to scheme following this process.
LGf00020	Chatham Town Centre Place-making and Public Realm Package	Medway	4.000	Approval for spend of full LGf allocation	Work is progressing well onsite, with completion of the route improvement works expected by late 2018.  Network Rail has been granted planning permission for the proposed train station forecourt improvement works and are in the process of assessing options for delivery of the works.	March 2019	3	Work is in progress with completion expected by March 2019.	2	Sight slippage within 2018/19.	1	Positive response received to public consultation exercise. No significant changes made to scheme following this process.
LGf00021	Medway Cycling Action Plan	Medway	2.500	Approval for spend of full LGf allocation	Work has continued to construct new cycle routes as per the Cycling Action Plan document. It is anticipated that the works will be complete by the end of March 2019.	Mar-19	2	In progress- slight delay to construction of the final route.	2	Slight slippage within 2018/19.	1	Some local concern regarding funding being spent on cycle improvements.
LGf00022	Medway City Estate Connectivity Improvement Measures	Medway	2.000	Approval for spend of full LGf allocation	Phase 1 of the project is complete. The new traffic signals (at the entrance to the westbound tunnel bore) are now operational and testing has identified the most effective signal timing to offer the most benefit to users of Medway City Estate whilst causing minimal disruption on the remainder of the road network.  Options for the use of the funding assigned to phase 2 of the project are currently being assessed. The focus remains on promoting sustainable modes of travel, thereby reducing congestion on the estate at peak times.	Mar-20	4	Phase 1 implementation complete. Delivery of phase 2 delayed, although options for phase 2 are currently being developed.	2	Slight slippage within 2018/19.	2	Risk that expectations of users of the estate may not marry with the outputs deliverable within the project budget.



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LGF00061	Rochester Airport - phase 1	Medway	4.400	Approval for spend of full LGF allocation	<p>In March 2017 Rochester Airport Ltd. were granted planning consent for the proposed new hangars, car parking and fuel tank.</p> <p>Due to increasing construction costs it was determined that it is no longer possible to deliver all the outputs stated within the original Business Case. As a result a change to project outputs was proposed. The proposal was to remove the paved runway and one of the new hangars from the project scope in order to bring the works back within budget. This change was approved at the Accountability Board meeting on 15th June.</p> <p>Rochester Airport Ltd. are now working on a new planning application for the control tower and hub and the relocation of the helipads. Work has also commenced on preparing the procurement documents required to appoint a contractor to deliver the works.</p>	Mar-20	5	Issues with the planning application and increasing project costs have caused delays to project delivery.	5	Substantial LGF slippage from 2016/17 to 2017/18 and 2017/18 to 2018/19.	2	Opposition to the proposals from a small number of local objectors.
LGF00089	Rochester Airport - phase 2	Medway	3.700	Approval to be sought from the Board at a future meeting	Business Case approval required.	Mar-21	5	Risk of delay to project delivery, as per and as a result of delays to phase 1.	5	Significant risk of LGF slippage.	2	It is possible that there will be opposition to the project from a number of local residents.
LGF00091	Strood Civic Centre - flood mitigation	Medway	3.500	Approval for spend of full LGF allocation	<p>Business Case approved at Accountability Board in February 2018.</p> <p>Planning consent has been granted, detailed design completed and piling work has now commenced onsite.</p>	Mar-19	1	Mobilisation works started in April with completion expected within the stated project programme.	2	Slight slippage within 2018/19.	1	
Southend												
LGF00005	Southend Growth Hub	Southend	0.720	Approval for spend of full LGF allocation	Completed March 2017.	Mar-17	1	Phase 1 complete. BC for Phase 2 to be brought forward.	1	Phase 1 complete.	1	
LGF00107	Southend Forum 2	Southend	6.000	Approval for spend of full LGF allocation	Tender assessments completed for the main design team and the cost consultant and appointment approved by Project Board. Design work to commence at the beginning of September 2018 and planning application to be submitted in mid-April 2019.	Sep-21	1		1		1	
LGF00029	TGSE LSTF - Southend	Southend	1.000	Approval for spend of full LGF allocation	Completed March 2017.	Mar-17	1	Being implemented	1	LGF spend in full	1	
LGF00081	A127 Kent Elms Corner	Southend	4.300	Approval for spend of full LGF allocation	<p>Some delay to scheme due to gas works which has had a knock-on effect to other utility diversions. 85% of highways works complete with East bound works complete. Utility divesions still on going. BT Openreach have incurred delays and completion of their works expected end February 2018. New westbound lane will be constructed once all utility works are complete. it is now expected this will be June 2018. Footbridge is programmed to be installed June 18. LGF contribution will be spent 17/18.</p>	Dec-18	3	Being implemented Completion works programmed for Autum 2018. Project will still deliver outputs	3	£1.4m LGF reprofiled from 2016/17 to 2017/18. Delay has caused an increase in costs which are well within the sensitivity testing. Works removed from the Main Contractor to mitigate costs and pull off site until	1	Public Liason Officer used for the works and kept residents informed. All member briefings held and Ward Cllrs advised of the reason for the delays.
LGF00082	A127 The Bell	Southend	4.300	Approval to be sought from the Board at a future meeting	Junction Improvement Options being considered including minimum impact on utilites and impact on airquality. Some Options include for a replacement footbridge	Mar-21	1	Extensive number of Options been considered and 3 have been taken forward to public consultation. Following the outcome of the consulation the option to	2	programmed for substantial completion at March 2021	1	Kent Elms works have been delayed. Reputation would be poor if we had both the Kent Elms works and nearby Bell works under construction at the same time. There have been no outcry from public for works to be
LGF00083	A127 Essential Bridge and Highway Maintenance - Southend	Southend	8.000	Approval for the first two phases. Approval to be sought from the Board for future phases of the project.	Business Case was approved at the last Accountability Board meeting. Spend in 2016/17 to support A127 Kent Elms Corner.	Mar-21	2	Design and Build being considered via Eastern Highways Alliance	2	scheme programmed for completion 20/21.	1	Public Liason Officer necessary for the works to kept residents & drivers informed.
LGF00045	Southend Central Area Action Plan (SCAAP) - Transport Package	Southend	7.000	Approval for the first two phases. Approval to be sought from the Board for future phases of the project.	Improvements to Carnarvon Road / Victoria Avenue junction, Great Eastern Avenue / Victoria Avenue junction, East Street/ Victoria Avenue junction and part of the decluttering along Victoria Avenue completed March 2017. £150,000 carried over to complete improvements to public realm and cycling facilities along Victoria Avenue service road in 2017/18. Buisness case for Phase 2 submitted 2017 and include improvements to layout and public realm along London Road between London Road/ Queensway roundabout and London Road/Collegeway roundabout , Phase 2 also includes streetscape works on the College Way / Queens Road / Elmer Avenue route between London Road and The Forum / South Essex College	mebr )Phase 2	3	Delay in start of works on site due to political reasons, drainage issues: unchattered pipes found on site that couldn't be identified through GPR surveys, consultation with main stakeholder extended and resulted in changes to orginal proposed layout.	4	Change in profile required to allow a co-creation process to be undertaken to develop design options for Phase 4 of the project (stub end of London Road and Victoria Circus).	2	
LGF00057	London Southend Airport Business Park (Phase 1 & 2)	Southend	23.090	Approval of Outline Business Case. Approval to be sought for full Busines Case in September 2018.	Roads and Rugby Club house under construction. The new pitches have been completed. Next steps include procuring and completing works to install utilities in the Phase 1 area. The new clubhouse and pitches will be handed over to WRFC and they will relocate.	Oct-20	4		4	Substantial LGF slippage has been agreed by the Board	2	
Thurrock												
LGF00030	TGSE LSTF - Thurrock	Thurrock	1.000	Approval for spend of full LGF allocation	Phase 1 complete, amendments required from S3 safety audit	Mar-18	4	Stage 2 being designed	2	Ongoing	3	Traffic modelling undertaken
LGF00046	Thurrock Cycle Network	Thurrock	5.000	Approval for spend of full LGF allocation	Construction of Tranche 1a schemes started on 31 May. Currently procuring designs for Tranches 1b and 2. Cycle schemes to be constructed by the new highways Term Maintenance contractor, Henderson & Taylor.	Mar-19	3	Some schemes at design stage and others under construction. Start of construction of schemes due to start in April was delayed by the local elections.	3	LGF slippage 2016/17 to 2017/18	3	Further consultation ongoing for proposed schemes at Stonehouse Road
LGF00047	London Gateway/Stanford le Hope	Thurrock	7.500	Approval for spend of full LGF allocation	Preparing a collaboration agreement and Asset protection agreement. Morgan Sindall's target price submission exceeds the available budget. Looking at ways of reducing the target price. If agreement cannot be reached, we will have to consider re-tendering Stage 2.	Mar-19	3	Legal agreement with c2c has now been sealed	3	LGF slippage from 2016/17 to 2017/18 and 2017/18 to 2018/19	3	Met residents of Chantry Crescent to mitigate objections to planning application
LGF00052	A13 Widening - development	Thurrock	5.000	Approval for spend of full LGF allocation	DfT announced funding for the scheme on 12 April 2017. Land procured using poweers embodied in the London Gateway Port Harbour Empowerment Order	Mar-20	3	Advance works started 18/12/2017. Discrepancy between original topographical survey issued with tender documents and that undertaken by Kier	4	Further advance payments for Statutory Undertakers' diversions to be made in Q4	3	Compulsory purchase of plot 113a referred to Lands Tribunal. Working with all parties to find resolution

Appendix 2 Deliverability and Risk Update												
SELEP number	Project Title	Promoter	LGF allocation (£m)	Accountability Board Decision (Business Case	Project Update	project completion date	Project Risk					
							Financial	Comment	Delivery	Comment	Reputation	Comment
LGFO0056	Purfleet Centre	Thurrock	5.000	Approval for spend of full LGF allocation	Land acquisition continues. The Council is aiming to purchase via negotiation wherever possible so timescales are hard to define. In Feb 2018 Cabinet approved in principle resolution to support a CPO if required. Outline planning application was submitted in December 2017 and reserved matters application for Phase 1a submitted in Feb 2018.	2027	2	Planning application submitted in accordance with the Development Agreement. Outputs expected to be achieved as presented in the business case. Slight delay to the programme but minimal given the overall timeframe for the scheme.	4	Substantial re-profiling of LGF required between into 2018/19 due to ongoing negotiations with freeholders. A number of sites are in advanced negotiations which we expect to complete in 2018/19. It is intended that CPO powers will be used if land cannot be acquired by	1	Whilst the project is slightly delayed this is a long term scheme and progress is being made.
LGFO0104	Grays South	Thurrock	10.840	Approval to be sought from the Board at a future meeting	Two interlinked elements - (i) Underpass [design and build ~ Network Rail] and (ii) Public Realm Works [design and build ~ designer and contractor TBA]. (i) NR GRIP Stage 2 (Feasibility) complete. GRIP Stage 3 (Option Selection) underway. Currently editing a suite of NR documents re-affirming Project requirements. Potential conflict on funding for GRIP stage 3 and a joined up approach on a LX closure date. (ii) ITT docs procuring external consultants for public realm aspects is being finalised and due to be issued w/c 23rd October 2017. Land acquisition process has begun with Monatgue Evans.	May-22	4	Timeframe largely determined by Network Rail processes	1		3	
LGFO0084	A13 Widening	Thurrock	66.058	Approval for spend of full LGF allocation	Awarded two separate contracts for detailed design and construction. Entered into a licence with DP World to access the land for construction. Issued licences to occupiers of adjacent land to enable them to continue using it for operations and events until needed by the contractor.	Mar-20	3	Advance works started 18/12/2017. Discrepancy between original topographical survey issued with tender documents and that undertaken by Kier	4	Further advance payments for Stautory Undertakers' diversions to be made in Q4	3	Compulsory purchase of plot 113a referred to Lands Tribunal. Working with all parties to find resolution
Managed Centrally												
LGFO0001	Skills	Across SELEP	21.975	Approval for spend of full LGF allocation	All the skills funding has been allocated. The project outputs and outcomes are now being monitored.	Jun-17	1		1		1	
LGFO0071	M20 Junction 10a	Kent	19.7	Approval for spend of full LGF allocation	Construction works have started on site and a project update will provided under agenda item 8.	May-20	1		1		1	

<b>Report title:</b> Growing Places Fund update	
<b>Report to Accountability Board</b>	
<b>Report author:</b> Rhiannon Mort, SELEP Capital Programme Manager	
<b>Date:</b> 14 <sup>th</sup> September 2018	<b>For:</b> Decision
<b>Enquiries to:</b> Rhiannon Mort, <a href="mailto:rhiannon.mort@southeastlep.com">rhiannon.mort@southeastlep.com</a>	
<b>SELEP Partner Authority affected:</b> All	

## 1. Purpose of report

- 1.1. 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. **Approve** the amended repayment schedule for the Charleston Centenary Project;
  - 2.1.3. **Note** the risk to the repayment schedule for the Workspace Kent Project;
  - 2.1.4. **Note** the proposed amended repayment schedule for the Priory Quarter Project, prior to consideration of the amendment by the SELEP Strategic Board.
  - 2.1.5. **Note** the £425,691 funding gap between the GPF draw-down schedule and the GPF available through repayments during 2019/20, as set out in section 5 below
  - 2.1.6. **Note** the project change for the Eastbourne Fisherman GPF round 2 project.

## 3. SELEP Growing Places Fund investments

- 3.1. In total, £49.210m GPF was made available to SELEP for investment as a recyclable loan scheme. To date, GFP has either been invested or is allocated for investment in a total of 20 capital infrastructure projects, as detailed in Appendix 1. In addition, a small proportion of GPF revenue funding was allocated to Harlow Enterprise Zone (£1.244m) and the remaining proportion has been ring-fenced to support the activities of SELEP's Sector Groups (known as the Sector Support Fund); as agreed by the Strategic Board.

- 3.2. The allocation of GPF to the new projects within GPF Round 2 is on the condition that funding will only be awarded to these projects by the Board or transferred to the lead authority if sufficient GPF is available through the repayments of GPF loans from Round 1 projects. As such, on a quarterly basis, updates are provided to the Board on the latest position for GPF projects in terms of delivery progress and any risks to the repayments of GPF loans.
- 3.3. In the last quarter, SELEP has been informed of delayed repayments for the Priory Quarter and Charleston Centenary projects in East Sussex, as detailed in sections 6 and 7 below.
- 3.4. In addition, the Board are asked to agree a project change for the Eastbourne Fisherman's project, as set out in section 8 below.

#### **4. GPF repayments**

- 4.1. The loan repayment schedule for each GPF project is agreed within the credit agreement in place between Essex County Council, as Accountable Body, and the lead County/ Unitary Authority for each project. A copy of the expected repayment schedule is set out in Appendix 2.
- 4.2. Repayments are now being made on the initial GPF Round 1 investments, with £7,405,033 having been repaid to date. A further £2,754,000 is due to be repaid during 2018/19. This takes into account the proposed changes to the repayment schedule for the Priory Quarter, Charleston Centenary and risk to the Workspace Kent Project.

#### **5. GPF cash flow**

- 5.1. Table 1 below sets out the current cash flow position based on the planned GPF investment and the GPF available for investment though loan repayments.
- 5.2. Due to the delayed GPF repayments, there is now expected to be a £425,691 gap between the amount of GPF available in 2019/20 and project draw-down schedule.
- 5.3. This gap will be further exacerbated if any additional LGF slippages are incurred to the expected GPF repayments in 2018/19 as set out in Appendix 1. A specific risk has been identified in relation to the repayment for the Workspace Kent project, set out in Section 8 below.
- 5.4. The Board has previously considered and indicated willingness to consider the borrowing of LGF to manage GPF cash flow issues, in advance of GPF repayments being made. However, there is also currently a gap between the LGF available and LGF spend forecast in 2019/20 of £5.991m as set out under Agenda Item 7.

- 5.5. Through the next quarter, SELEP will work with local partners to explore options to mitigate the LGF funding gap in 2019/20. If the current gap between the LGF available and the LGF spend forecast can be closed then recommendations will be made at the next meeting of the Board for within year borrowing of £425,691 from LGF in advance of GPF repayments being made in Q4 2019/20.
- 5.6. The expected repayment of £10.175m GPF in Q4 2019/20 will enable the repayment of the GPF prior to the end of the 2019/20 financial year, subject to GPF repayments being made as set out in Appendix 1.
- 5.7. All GPF awards to Round 2 projects have been made subject to sufficient GPF being available to SELEP. If the option to borrow against LGF in 2019/20 is not available, then the GPF awards to certain GPF projects in 2019/20 will be delayed until sufficient funding is made available through repayments. The following projects are due to draw down GPF in 2019/20:
- 5.7.1. Colchester Northern Gateway;
  - 5.7.2. Javelin Way Development Park;
  - 5.7.3. Innovation Park Medway;
  - 5.7.4. Fitted Rigging House;
  - 5.7.5. No Use Empty (NUE) Commercial.
- 5.8. The Board will be updated on this risk at its next meeting and the Board will be asked to consider the 2019/20 cash flow risk prior to making any further GPF awards to Round 2 projects.

**Table 1 GPF Cash Flow Position**

£	2018/19	2019/20
GFP available at the outset of year	6,747,602	4,021,309
GPF Round 1 planned investments	363,000	1,200,000
GPF Round 2 planned investments	4,697,000	3,247,000
Position before GPF repayments are made	1,687,602	-425,691
GPF repayments expected	2,333,707	10,175,309
Carry Forward	4,021,309	9,749,618



## 6. Priory Quarter Phase 3

- 6.1. In March 2017, the Board were made aware of delays to the repayment of GPF for the Priory Quarter Phase 3 project in East Sussex.
- 6.2. This project was award £7m GPF through the earlier rounds of GPF, now referred to GPF Round 1, for the delivery of new office and industrial space in Hastings.
- 6.3. Whilst the commercial space has been delivered, the take up of tenancies at the site has been slower than anticipated. As such, in March 2017 the Board were made aware of the challenges in meeting the original repayment schedule and the Board agree to the amendment of the repayment schedule.
- 6.4. At a point of the amended repayment schedule being agreed it was anticipated that contract negotiations for the occupation of the site would enable the remaining GPF to be paid in full by the end of 2019/20.
- 6.5. Through the latest project update report the new tenants have signed a fifteen year agreement for occupation of the site. The agreement includes a 'soft start', resulting in below market value rental receipts for the first five year period. This will create challenges in the amended GPF repayment schedule (agreed in March 2017) being met.
- 6.6. The loan recipient, Sea Change Sussex Ltd, is therefore seeking Board approval for a further variation to the GPF repayment schedule for the Project. This is set out in Table 2 below.

**Table 2 Priory Quarter Repayment Schedule (£000)**

	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>	<b>Total</b>
<b>Schedule in Loan Agreement</b>	400	400	400	400	5,400	7,000
<b>Amended schedule, agreed in March 2017</b>	65	65	735	735	5,400	7,000
<b>Proposed updated repayment Schedule, September 2018</b>	65	65	211	211	6,448	7,000
<b>Movement between March 2017 and September 2018 profile</b>	0	0	-525	-524	1,048	0

- 6.7. When Board members have previously considered the amendment to repayment schedules for GPF projects, there has been a request from Board members that Strategic Board should also be made aware of changes to the

repayments prior to the Board agreeing repayments to an individual project on multiple occasions. As such, in March 2018, the Strategic Board agreed that:

*“where delays are identified to a project’s GPF repayment schedule on more than one occasion, this should be brought to the attention of the Strategic Board prior to a recommendation being made to the Accountability Board for approval of any further slippage”.*

- 6.8. It is therefore intended that the delay to the repayment schedule will be brought to the attention of the Strategic Board at its meeting on the 28<sup>th</sup> September, prior to decision making by the Accountability Board in November 2018.
- 6.9. The Board may wish to request a presentation update from Sea Change East Sussex at the next Strategic Board on the 28<sup>th</sup> September. This would provide Sea Change Sussex Ltd with the opportunity to set out the progress which they have made in delivery GPF projects on behalf of East Sussex and to provide assurances that the GPF repayments can be made, as per the proposed amended repayment schedule set out in Table 2.

## **7. Charleston Centenary**

- 7.1. A minor change to the GPF repayment schedule has also been identified for the Charleston Centenary Project.
- 7.2. The Charleston Trust is going to create a café-restaurant in the Threshing Barn on the farmhouse’s estate. This work is part of a wider £7.6m multi-year scheme, known as the Centenary Project, which aims to transform the operations of the Charleston farmhouse museum.
- 7.3. This project was approved as a GPF Round 2 project for a £120,000 loan but there have been delays in putting the necessary legal agreements in place to transfer the GPF to the third party. It was originally intended that the GPF would be draw down in 2017/18 but this has been delayed to 2018/19. As such, both the GPF draw down and repayment schedule have been amended, as set out in Table 3 below.

**Table 3 Charleston Centenary updated GPF repayment**

	2018/19	2019/20	2020/21	2021/22	Total
Repayment schedule agreed when Board approval awarded	£26,250	£27,500	£36,250	£30,000	£120,000
Proposed amended repayment schedule	-	£53,000	£36,000	£31,000	£120,000
Movement	-£26,250	£25,500	-£250	£1,000	£0

- 7.4. The GPF agreement is due to be signed imminently to enable the funding to be transferred. In addition, the £5m Local Growth Fund award to the project has been fully invested and the project is now nearing completion.

## 8. Workspace Kent

- 8.1. The Workspace Kent Project is a project aimed at unlocking jobs and employment opportunities by enabling increased provision of business incubator space and other workspace. The GPF loan is managed by Kent County Council as a Challenge Fund, open to private developers, public sector and third parties to apply for, in order to bring forward business premises that would otherwise not be developed.
- 8.2. Through the Workspace Kent programme, three projects have been completed and are making repayments, whilst a fourth project is underway. However, a risk has been identified to the repayment of the GPF loan as contact variations are currently being considered by Kent County Council in relation to two of the four projects.
- 8.3. The project was brought forward in 2012 during the early rounds of GPF awards and was awarded a £5m GPF allocation. A credit agreement was put in place in May 2015 between Essex County Council, as the Accountable Body and Kent County Council but did not set out explicit repayment dates for the loan. However, loan repayment dates are specified in the agreements between Kent County Council and the loan recipients.
- 8.4. Once the revised repayment schedule has been considered by Kent County Council then a decision will be sought from the Board to update the repayment schedule. However, an updated repayment schedule has been included in Appendix 1 and in the cash flow calculations in Section 5 to reflect the most likely scenario.

## 9. Growing Places Fund Project Delivery to Date – GPF Round 1 Projects

- 9.1. Eight GPF Round 1 projects have now been completed, with the benefits of this infrastructure investment starting to be realised. It is reported that 1,697 jobs have been delivered through investment in commercial space and new business premises, as set out in Table 4 below.

**Table 4 Monitoring of GPF Round 1 project outputs**

Name of Project	Outputs defined in Business Case		Outputs delivered to date	
	Jobs	Houses	Jobs	Houses
Priory Quarter Phase 3	440	0	74	0
North Queensway	865	0	0	0
Rochester Riverside	402	450	402	489
Chatham Waterfront	211	115	211	115
Bexhill Business Mall	125	0	150	0



Name of Project	Outputs defined in Business Case		Outputs delivered to date	
	Jobs	Houses	Jobs	Houses
Parkside Office Village	169	0	135	0
Chelmsford Urban Expansion	2,105	0	365	0
Grays Magistrates Court	200	0	89	0
Sovereign Harbour	299	0	180	0
Workspace Kent	198	0	91	0
Harlow West Essex	4,000	1,200	0	0
Discovery Park	130	250	0	0
Live Margate	0	66	0	3
<b>Totals</b>	<b>9,144</b>	<b>2,081</b>	<b>1,697</b>	<b>118</b>

- 9.2. Whilst there have been delays to the repayment schedule for the Priory Quarter Phase 3 development, the site is now fully occupied with new tenants having signed a fifteen year lease. As such, the number of jobs located at the site is now expected to increase from the 74 jobs currently located at the site. The increase to the project outputs will be reported in the update to the Board.
- 9.3. In addition, progress is being reported on projects such as the No Use Empty scheme with 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.
- 9.4. Following the approval of the project by the Board in February 2018, contracts are now in place for the delivery of three projects, in Dover, Margate and Folkestone, which will provide 5 commercial units and 16 residential units when delivered. The renovation and re-financing of these properties will enable the GPF loan to be repaid by March 2022.

## **10. Change to Eastbourne Fisherman Scheme**

- 10.1. A risk has previously been reported in relation to the Eastbourne Fisherman's Quayside and infrastructure development project.
- 10.2. The project is for the build of 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.
- 10.3. The project is being led by the Community Interest Company (Eu110CIC), a company set up by the local fisherman.
- 10.4. A £1.0m grant has been secured from the European Marine and Fisheries Fund (EMFF), which is available to drawn down following the completion of

the project. A GPF loan was therefore awarded to help manage the project cash flow and purchase the land from Carillion to enable the project to progress.

- 10.5. However, following the decision by the Board to award the GPF loan, Carillion went into administration before the land purchase could be completed. Administrators sold the land freehold to Premier Marinas, who are not willing to sell the freehold. As an alternative, the lease of the land over 75 years, with peppercorn rent, has been offered instead and presents a feasible option to enable the delivery of the project, as previously approved by the Board.
- 10.6. The project change from the purchase of the land to a long lease will not impact on the outcomes of the project, as stated in the Business Case or the cost of delivering the project. As such, the Board are asked to note the change of scope.
- 10.7. Updates on the delivery of the Eastbourne Fisherman's project will continue to be presented to the Board through the GPF update reports.

## **11. Financial Implications (Accountable Body Comments)**

- 11.1. The current cashflow forecast position for the GPF loan scheme in 2019/20 indicates that there is risk of insufficient funding being available to meet the agreed investments due to a potential mismatch of payments and repayments in that year; the request for changes to repayment profiles increases this risk. The options for mitigating this risk in 2019/20 are expected to be considered by the Board at the next meeting. However, it should be noted that if cash is not available, this could delay the payment of allocations to Projects planned in 2019/20.
- 11.2. Although non-repayment of the majority of loans has been identified as low risk, it should be noted that any repayments not made in line with their approved profile will put at risk the funding required for the GPF programme to be maintained as an effective recyclable loan scheme. As such, it is recommended that all GPF repayment risks continue to be monitored as part of the regular GPF updates reported to the Board.
- 11.3. It is noted that actual delivery of jobs and homes is not in line with the expected levels identified in the business cases for many projects; where this is the case, it is recommended that evaluation of why this is the case should form part of the on-going monitoring and, where appropriate, be used to inform future business case estimations of growth.
- 11.4. It is recommended that consideration is given to commencing the next round of funding allocations in advance of the £11m due to be returned by 31 March 2020.

## **12. Legal Implications (Accountable Body Comments)**

12.1. There are no legal implications arising out of the recommendations within this report.

## **13. Equality and Diversity implications (Accountable Body Comments)**

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.

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.

<b>Role</b>	<b>Date</b>
<b>Accountable Body sign off</b>  Stephanie Mitchener  <b>On behalf of Margaret Lee</b>	  06/09/18

## **14. List of Appendices**

14.1 Appendix 1 – Growing Places Fund Project Summary

14.2 Appendix 2 – Growing Places Fund Repayment Schedule

## **15. List of Background Papers**

### **15.1 Accountability Board Agenda Pack 31<sup>th</sup> March 2017**

Growing Places Fund Update Appendix 1									
Name of Project	Upper Tier	Description	Current Status	Deliverability and Risk					
				Delivery Risk	GPF Spend Risk	Repayment Risk	Delivery of Project outcomes	Other Risks	Overall Project Risk
Growing Places Fund Round One									
Priory Quarter Phase 3	East Sussex	The Priory Quarter (Havelock House) project is now complete and has delivered 2247sqm of high quality office space.	The Priory Quarter (Havelock House) project is now complete and has delivered 2247sqm of high quality office space. This is currently 16% let with over 20 enquiries received since opening. However a single occupier has now been found for the remainder of the building and terms have been agreed. Once fully let the building is still forecast to host the 440 jobs in the business case.	Project Complete	Project Complete	Tenancy agreement for full occupation of the building has now been agreed. Occupancy to begin in April 2018. However, there is a lower rental income period for the first five years. Accordingly, the remaining GPF repayment has been re-scheduled across 19/20, 20/21 and 21/22.	Tenancy agreement for full occupation of the building has now been agreed.	N/A	
North Queensway	East Sussex	To construct a new junction and preliminary site infrastructure 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.	GPF invested, project complete and repayments are being made	Project Complete	Project Complete	Further delays anticipated in repayment of these funds due to slow take up in land sales. 1 new business to begin development in March 2018 which it is anticipated will catalyse interest in the other plots.	Once the development of the first plot is underway and further interest is stimulated the delivery of outputs will begin to flow.	Blanket development objection in place by Wealden District Council due to environmental concerns regarding the Ashdown Forest has been lifted.	
Rochester Riverside	Medway	the construction of the next phase on the principle access road, public space and site gateways  50 acres of originally brownfield site, now flood defended, land raised and remediated.  This development is to be completed over 7 phases and should take approx. 12 years. The scheme will include:	There was a ground breaking event on the 22nd February 2018. There will be a soft launch marketing event on the 8th September 2018 as over 1,000 people have already registered interest in the site. The marketing suite will officially open at the end of October 2018. Construction of the hotel is due to start on site in September 2018.	This project is already on site and the S106 agreement was signed at the end of January 2018.	The GPF Funding has already been spent	Medway Council is happy with the current repayment programme and has completed the first repayment.	The contractor is on site and will be delivering 1,400 homes, 1,200sqm of commercial space, a new school, hotel and various new open spaces. The scheme is now delivering more than was originally intended.	No	Overall the project is on track to deliver outputs and outcomes.
Chatham Waterfront	Medway	The project will deliver land assembly, flood mitigation and the creation of investment in public space required to enable the development of proposals for Chatham Waterfront Development.  A waterfront development site that can provide up to 115 homes over 6 storeys with ground floor commercial space and 115 parking spaces.	An outline planning application has been submitted for the site, approval of which would demonstrate viability for future development. De-risking works have been completed on the site. Detailed planning will be submitted for November 2018, with mobilisation on site to start in early 2019.	The disposal of this site has been agreed and is due to take place in Spring 2018.	The GPF Funding has been spent, or has been allocated to a project to be spent.	Medway Council are comfortable with the current repayment agreement.	Chatham Waterfront has already reduced the number of homes to be delivered, we are working with the developer to see if we can get these increased through the detailed planning process.	No	Overall the project is on track to deliver outputs and outcomes.
Bexhill Business Mall	East Sussex	The Bexhill Business Mall (Glover's House) project has delivered 2,345m2 of high quality office space with the potential to facilitate up to 299 jobs. This is the first major development in the Bexhill Enterprise Park in the A259/A21 growth corridor.	The building is 100% let to a single occupier and has currently provided space for 125 jobs.	Project Complete	Project Complete	Building 100% let with secure income to repay loan.	Building 100% let and currently housing 129 jobs, which is less than originally anticipated, however this does provide space for the occupant to grow over time.		
Parkside Office Village	Essex	SME Business Units at the University of Essex. Phase 1, 14,032 sq. ft.; 1,303 sq. m lettable space, build complete June 2014. Phase 1a 3,743 sq. ft.; 348 sq. m - complete Sept 2016.	Both Phase 1 and 1a are both open and fully let. As well as 135 employees there are also 14 student intern placements within those businesses. The funding has now been repaid in full.	Project Complete					

Growing Places Fund Update Appendix 1									
Name of Project	Upper Tier	Description	Current Status	Deliverability and Risk					
				Delivery Risk	GPF Spend Risk	Repayment Risk	Delivery of Project outcomes	Other Risks	Overall Project Risk
Chelmsford Urban Expansion	Essex	The early phase development in NE Chelmsford involves heavy infrastructure demands constrained to 1,000 completed dwellings. The funding will help deliver an improvement to the Boreham Interchange, allowing the threshold to be raised to 1350, improving cash flow and the simultaneous commencement of two major housing schemes	GPF invested, project complete and GPF has been repaid in full.	Project Complete					
Grays Magistrates Court	Thurrock	The project to convert the Magistrates Court to business space was part of a wider Grays South regeneration project which aimed to revitalise Grays town centre	GPF invested, project complete and repayments are being made. The refurbished building is now in use and having a positive impact in the town centre.					The only significant risk to the project now is a significant economic down turn which impacted on occupancy. Currently however demand across the borough is strong and targets are being achieved	
Sovereign Harbour	East Sussex	The Pacific House project has delivered 2345sqm 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 2345sqm of high quality office space. This is currently 77% let with over 171 enquiries received since opening.	Project Complete	Project Complete	Strong occupancy rates should facilitate repayment at the scheduled intervals.	180 jobs from 77% occupancy is still short of the anticipated 299 jobs		
Workspace Kent	Kent	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 4 projects within this programme. Of these, 3 have been new builds that have been completed and GPF repayments are being made. The 4th project is underway.	There is a risk to defrayment of funds as we await applications from potential customers.	Awaiting applications for remaining funds	There is a slight delay on repayment from one of our loan applicants. Loan agreement being renegotiated in line with income received from business.	Some job numbers are delayed due to new project build not completed on time, approximately 1 year delay.		
Harlow West Essex	Essex/Harlow	To provide new and improved access to the two sites designated within the Harlow Enterprise Zone	Delivery package 1 is well into deliver with the majority of risks closed out. Procurement for the send package is about to start with a view to getting on site early next financial year.	N/A	N/A	N/A	N/A	N/A	N/A
Discovery Park	Kent	The proposal is to develop the Discovery Park site and create the opportunity to build both houses and commercial retail facilities.	Initial planning permission received and work is commencing on the application outcome for final planning permission.	Initial planning permission received and work is commencing on the application outcome for final planning permission.	Funds defrayed to Kent Invicta Law by 31st March 2018 in anticipation for imminent completion. All subject to final legal requirements being met.	The business case will provide a reprofile of repayment yet to be finalised as part of the legal documentation. Current profile for repayment will be Q1 2021/22.	The project outputs and outcomes will be updated and brought forward on completion of the legal documentation. Delay in finalising the legal due dilligence process KCC still awaiting doucmentation from boroower - rescheduled to end of October 2018.	Meeting all requirements as specified in the final legal documentation and final planning permission.	

Growing Places Fund Update Appendix 1									
Name of Project	Upper Tier	Description	Current Status	Deliverability and Risk					
				Delivery Risk	GPF Spend Risk	Repayment Risk	Delivery of Project outcomes	Other Risks	Overall Project Risk
Live Margate	Kent	Live Margate is a programme of intervention 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. An offer to purchase a site has been made, with due diligence processes underway and the exchange of contracts due shortly. This site contains several derelict homes that require refurbishment and alteration before being placed on the market for purchase by the public.  Over the last quarter, 15 properties with planning consent (where required) have been identified. We are supporting these with £1M of funds and currently in delivery stage. A total of 31 new homes will be created to the decent homes standard. 40% of the total are expected to be completed by December 2018 and the reamaining 60% by March 2019. This will increase the delivery of outputs to 40 homes.	An offer has been accepted on a site with several empty derelict houses. A programme of works will occur, which should bring the non-habitable houses back into use through the Live Margate scheme. In the hands of solicitors and due to exchange this summer. Other potential investment opportunities are also being examined, that accord with the loan agreement objectives and criteria.	Spend delays would be primarily caused by delays in the acquisitions completing due to nature of the property market, profile of private landowners in the area and the council needing to ensure best consideration is achieved.	Subject to exchanging successfully, the repayment profile should be met.	From the land and sites identified, and positive engagement of partners, there is now greater certainty that the target of 66 homes will be achieved by 24/25.	As with any development project, there is a planning risk, although this is very small for the site, as the houses are already constructed and the majority of changes will relate to altering the internal layouts to maximise the houses' attractiveness to the public property market.	
Revenue admin cost drawn down	n/a		n/a						
Harlow EZ Revenue Grant	n/a		n/a						
Growing Places Fund Round Two									
Fitted Rigging House	Medway	The Fitted Rigging House project converts a large, Grade 1, former industrial building into office and public benefit spaces initially providing a base for three 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 3,473sqm of office space, of which 2,184sqm is allocated (subject to contract) to two expanding businesses that would otherwise have relocated outside of Medway and potentially the South East of England as they grow.	Building works are underway and main contractor has been appointed (following an OJEU process). Roofing works are now completed and works are underway to create the central core alongside partitioning works to separate tenant spaces. Tenant fit-out is due to commence imminently. Project is on track for completion as expected with no increases in budget. Construction works due to complete in December 2018.	Asbestos contamination from roof lining discovered. Mitigated by the involvement of main contractor with specialist team to deal with roof lining to ensure minimal slip in project timing and cost. Delay in delivery of main lift for stair core but an additional platform lift is being installed (at no cost to CHDT) to mitigate.	Project is progressing according to programme, therefore spend of GPF funding will be in accordance with the Business Case.	Low risk - any shortfall in income received from tenants to be offset by charitable reserves.	Low risk - outcomes dependent upon space being occupied by tenants. Contracts with key anchor tenants have now been agreed with fit-out due to commence shortly. The first tenant is due to move into their space in October 2018 with the other anchor tenant moving in by December 2018.	No.	Project is progressing well.
Centre for Advanced Engineering	Essex	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 the 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	Project approved by Accountability Board and project delivery underway						



Growing Places Fund Update Appendix 1									
Name of Project	Upper Tier	Description	Current Status	Deliverability and Risk					
				Delivery Risk	GPF Spend Risk	Repayment Risk	Delivery of Project outcomes	Other Risks	Overall Project Risk
Colchester Northern Gateway	Essex	This development is located at Cuckoo Farm, off Junction 28 of the A12. The overall scheme consists of: a relocation of the existing Colchester Rugby club site to land north of the A12 which will unlock residential land for up to 560 homes including 260 extra care and up to 100 bed Nursing home providing in total around 35% affordable units, on site infrastructure improvements facilitating the development of the Sports and Leisure Hub.	Project approved by Accountability Board and project delivery underway. Planning application was approved on the 20th July 2018.						
Charleston Centenary	East Sussex	The Charleston Trust are going to create 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.	No funding draw down yet due to delays to the signing of the legal agreements.	Work included as part of a wider works contract		Strong business plan in place with clear revenue increases.		Charleston are facing further financial pressures following increases in costs to earlier phases of the project and are looking for funding from various sources to plug these gaps.	
Eastbourne Fishery	East Sussex	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.	Change request has been submitted and to be considered by the Board.	Negotiations for a long leasehold between Premier Marina's Ltd and the Fishermen are now close to completion.	Assuming land issues are resolved the money will be spent.	EMFF money has been secured to ensure repayment of the loan			Land ownership issues are close to resolution which will enable the project to proceed in the current financial year
No Use Empty	Kent	The NUE C 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.	Loan Agreement now sealed. Essex County Council, as Accountable Body, has transferred £500k on 4 July 2018. NUE C has contracted with 3 projects (Dover, Folkestone & Maragte) awarding £410,000 of the £500,000 allocated for 19/20. We are now registering charges for funds awarded at Land Regsirty (complete August) - all projects have started (using theavailable match). The projects will provide 5 commercial units and 16 residential units when delivered. One further application is being processed (Dover) to support th refurbishment of an empty commercial unit - value of £30,000 This will increase the GPF Investment to date (subject to approval) to £440,000.	Loan agreement with SELEP is now sealed. Funds of £500k have been drawn down July 2018..	NUE C has currently allocated £ 440k of the £500k drawn down.	The individual projects currently supported by NUE C have repayment dates which will fulfill the requirement to repay back the first £500k by March 2021.	See delivery risk	No other risks other than impact of delay in issuing documentation	See delivery risk



## Appendix 2 - Growing Places Fund Repayment Schedule

£000's

Name of Project	Upper Tier	Total Allocation	Total Invested to Date	Total Repaid by 31st March 2017	2018/19 Q1	Total expected in 2018/19	2019/20 total	2020/21 total	2021/22 total	2022/23 total	2023/24 total	2024/25 total	Total
Revenue admin cost drawn down	n/a	2	2						-				-
Harlow EZ Revenue Grant	n/a	1,244	717			-	-	-	-				-
<b>Round 1 Projects</b>													
Priory Quarter Phase 3	East Sussex	7,000	7,000	65	65	276	211	5,400	-				7,000
North Queensway	East Sussex	1,500	1,500	1,000	-	-	500	-	-				1,500
Rochester Riverside	Medway	4,410	4,410	110	-	130	1,650	2,520	-				4,410
Chatham Waterfront	Medway	2,999	2,999	-	-	-	1,000	1,000	999				2,999
Bexhill Business Mall	East Sussex	6,000	6,000	225	300	800	4,975	-	-				6,000
Parkside Office Village	Essex	3,250	3,250	3,250	-		-	-	-				3,250
Chelmsford Urban Expansion	Essex	1,000	1,000	1,000	-	-	-	-	-				1,000
Grays Magistrates Court	Thurrock	1,400	1,400	800	-	300	300	-	-				1,400
Sovereign Harbour	East Sussex	4,600	4,600	25	200	500	475	400	3,200				4,600
Workspace Kent	Kent	1,500	1,437	365		328	547	200	60				1,500
Harlow West Essex	Essex/Harlow	3,500	-	-	-		500	2,000	-				2,500
Discovery Park	Kent	5,300	-	-	-	-	408	1,624	1,738	1,530			5,300
Live Margate	Kent	5,000	-	-	-			1,000	1,000	1,000	1,000	1,000	5,000
<b>Sub Total</b>		<b>48,705</b>	<b>34,315</b>	<b>6,840</b>	<b>565</b>	<b>2,334</b>	<b>10,566</b>	<b>14,144</b>	<b>6,997</b>	<b>2,530</b>	<b>1,000</b>	<b>1,000</b>	<b>46,459</b>
<b>Round 2 Projects</b>													
Colchester Northern Gateway	Essex	2,000	-	-					2,000				2,000
Charleston Centenary	East Sussex	120	-	-			53	36	31				120
Eastbourne Fisherman	East Sussex	1,150	-	-			900	250					1,150
Centre for Advances Automotive ar	South Essex	2,000	-	-					2,000				2,000
Fitting Rigging House	Medway	800	-	-			200	300	300				800
Javelin Way Development	Kent	1,597	-	-					1,597				1,597
Innovation Park Medway	Medway	650	-	-				50	600				650
No Use Empty Commercial	Kent	1,000	-	-				500	500				1,000
<b>Total</b>		<b>58,022</b>	<b>34,315</b>	<b>6,840</b>	<b>565</b>	<b>2,334</b>	<b>11,719</b>	<b>15,280</b>	<b>14,025</b>	<b>2,530</b>	<b>1,000</b>	<b>1,000</b>	<b>55,776</b>

**Forward Plan reference number:** FP/AB/164

<b>Report title:</b> Innovation Park Medway, Growing Places Fund Award	
<b>Report to Accountability Board</b>	
<b>Report author:</b> Rhiannon Mort, SELEP Capital Programme Manager	
<b>Date:</b> 14 <sup>th</sup> September 2018	<b>For:</b> Decision
<b>Enquiries to:</b> Rhiannon Mort, Rhiannon.Mort@southeastlep.com	
<b>SELEP Partner Authority affected:</b> Medway Council	

## 1. Purpose of Report

- 1.1 The purpose of this report is for the Accountability Board (the Board) to consider the award of a Growing Places Fund (GFP) Loan to the Innovation Park Medway Southern site enabling works (the Project).

## 2. Recommendations

- 2.1. The Board is asked to:

**2.1.1. Note** that the Innovation Park Medway Project is dependent on the delivery of the Rochester Airport Phase 1, which is currently subject to a complaint that has been raised with the Local Government and Social Care Ombudsman. The outcome of the complaint will be advised to the Board when known.

**2.1.2. Note** the forecast GPF funding shortfall of £425,691 in 2019/20, as set out in section 6 below

**2.1.3. Approve** the award of £650,000 GPF by way of a loan to enable the delivery of the Project identified in the Business Case and which has been assessed as presenting high value for money with high certainty of achieving this, on the basis that:

- 2.1.3.1. The GPF loan is repaid by the 31<sup>st</sup> March 2022; and
- 2.1.3.2. Sufficient funding is available to SELEP (*see section 5 below*).

## 3. Innovation Park Medway

- 3.1. 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 forms the North Kent Enterprise Zone.
- 3.2. The vision for Innovation Park Medway is to attract high GVA businesses focused on the technological and science sectors – particularly engineering, advanced manufacturing and digital creative industries. These businesses will deliver high value jobs in the area and 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.

- 3.3. To date, the Board has awarded £4.4m Local Growth Fund (LGF) to the delivery of Rochester Airport Phase 1. This investment will change the configuration of Rochester Airport, whilst also delivering improvements to the airport infrastructure to help ensure the continued operation of Rochester Airport. Reconfiguration of the airport allows the closure of the second runway which releases the land required for the northern part of Innovation Park Medway. The runway closure also has the benefit of releasing the southern site from current CAA flightpath safeguarding which restricts the height and form of any development on the site.
- 3.4. The completion of Rochester Airport Phase 1 is required to enable the Project, under consideration for a GPF award, to progress.
- 3.5. A change of scope to Rochester Airport Phase 1 was agreed by the Board at its last meeting on the 15<sup>th</sup> June 2018. Rochester Airport Ltd is now working on a new planning application for the control tower, hub and relocation of the helipads. It is expected that the planning application will be determined in October 2018.
- 3.6. The decision by the Board to approve the change of scope for the Rochester Airport Phase 1 scheme will now enable this initial phase of works to progress; to deliver the infrastructure improvements to the airport and to unlock land for the development of the Innovation Park site, as set out in appendix 2.
- 3.7. The Project will bring forward site enabling works on the southern site at the Innovation Park, including the completion of:
  - 3.7.1. Access road with shared footpath, cycle route, lighting and signage;
  - 3.7.2. Utility ducting/service strip;
  - 3.7.3. Fencing round site boundary; and
  - 3.7.4. Demolition of unused building
- 3.8. The objective is for the completion of the site enabling works to make the Innovation Park more attractive to businesses looking to relocate and expand in Medway; benefiting from the sites Enterprise Zone status.
- 3.9. The GPF investment in the southern site will enable the delivery of 4,500m<sup>2</sup> of Net Internal Area (NIA) of the B1 land use, such as offices, research and development facilities etc. This will unlock approximately 307 net additional FTE jobs at the southern part of the site, as well as indirect benefits for the local economy.
- 3.10. In addition to the GPF investment considered in this report and the £4.4m LGF which has previously been awarded, there is a further £3.7m LGF allocation to Phase 2 of Innovation Park Medway. The Phase 2 LGF allocation is for infrastructure investment in the northern part of the Innovation Park site, including:

- 3.10.1. Access roads and pedestrian access infrastructure;
  - 3.10.2. Services, including drainage and water provision, electrical infrastructure, gas mains and trenching and ducting for broadband fibre; and
  - 3.10.3. Any required site surveys
- 3.11. The £3.7m allocation to the Phase 2 works is expected to create additional jobs at the northern part of the site, in addition to the jobs created through the GPF investment in the southern site.
- 3.12. The Business Case for the remaining £3.7m LGF allocation to Phase 2 will be considered by the Board on the 15<sup>th</sup> February 2019.

#### **4. Options**

- 4.1. The impact of non-intervention (do nothing) has been considered as part of the Business Case development. The project Business Case states that, if funding cannot be secured to complete the enabling works on the southern site then it will not be possible to proceed with these works on a timescale that aligns with Medway Council's vision for the Innovation Park within the period that business incentives will be available in the North Kent Enterprise Zone. In addition, businesses may decide to locate elsewhere, leading to fewer employment opportunities for local people and increased out-commuting to surrounding areas.
- 4.2. Consideration has also been given to alternative funding sources, including private sector, Local Growth Fund and other sources of borrowing funds.
- 4.3. Private sector funding could be generated through the disposal of the site. However, if the site is disposed of prior to the enabling works detailed in this Business Case being undertaken Medway Council will have little/no influence over the access arrangements. The disposal of the site in its entirety will remove any influence Medway Council has over the type of company that uses the site. The vision is for highly skilled companies in the technological and scientific fields to establish themselves on the Innovation Park Medway site; this may not be achievable if the site is disposed of as a whole. Private sector funding does not allow for future proofing of the site in line with Medway Council's long term vision for the Innovation Park. Private sector funding is unlikely to be available unless it is linked with site disposal, as there is no guaranteed benefit to the private company.
- 4.4. Local Growth Fund (LGF) has been secured to unlock the site (£4.4m LGF, Phase 1) and to provide the necessary utility and access infrastructure required to enable the development of the northern site of the Innovation Park (£3.7m LGF allocation – subject to Board approval in February 2019). Consideration has been given as to whether the scope of the application could be amended to include works required on the southern site. However, if this amendment was made there would be insufficient funding available to

complete all the works required to bring forward the northern site, therefore jeopardising the success of the project and diluting the benefits offered.

- 4.5. Finally, consideration was given to borrowing funds from the Public Works Loan Board. However, this was not considered to be a viable option due to the repayment requirements. The Public Works Loan Board lending arrangements indicate that the first repayment must be made within 6 months of the advance of funding. In this instance, this was considered to be impractical as the enabling works will not be complete within this time period and therefore no income will be generated on the site. In addition, Medway Council would be required to pay both interest and fees on any borrowing from the Public Works Loan Board, which has an impact on the viability of the proposal.

## **5. Public Engagement**

- 5.1. Medway Council has a long-held ambition to deliver a high quality business, science and technology development (the Development) on part of the Rochester Airport site. This was consulted on as part of the Medway Local Plan 2003.
- 5.2. A Masterplan is currently being developed for the Innovation Park at the Rochester Airport site. During the Masterplan process, the public will be consulted on the proposals for the wider Innovation Park Medway site and will be given the opportunity to put forward their ideas for the site which will be incorporated where appropriate. It is anticipated that this consultation exercise will take place between 17<sup>th</sup> September and 28<sup>th</sup> October 2018.
- 5.3. There has been opposition to the initial phases of Rochester Airport Phase 1 from local residents, which the Board have been made aware of through previous Board meetings. In addition, there have been a number of delays to the delivery of Rochester Airport Phase 1, particularly through processes to secure planning consent.
- 5.4. Given the interdependency between the Rochester Airport Phase 1 and the Project under consideration for a GPF award, there is a risk that the timescales for delivering the Project could be impacted by any further delays to Rochester Airport Phase 1.
- 5.5. In addition, Board members are also asked to note that a complaint has been raised with the Local Government and Social Care Ombudsman in relation to the LGF investment in Rochester Airport Phase 1 Project. The Ombudsman has not yet issued details of their determination of the complaint.
- 5.6. SELEP nor Essex County Council, as the SELEP Accountable Body, have received any information from the Ombudsman which prevents decision making in relation to Rochester Airport Phase 1 or dependant projects (see comments in section 10 below from the Accountable Body with respect to this issue).

## 6. Project Cost and Funding

- 6.1. The total cost of the Project is estimated at £2,651,000 once the cost of land and the follow on private sector investment at the site has been taken into account, as set out in Table 1 below.

**Table 1 Innovation Park Medway Southern site enabling works spend profile (£m)**

Source	2018/19	2019/20	2020/21	2021/22	Total
GPF loan	120,000	530,000			650,000
Medway Council funding contribution	1,000				1,000
Private Sector Contribution			1,000,000	1,000,000	2,000,000
<b>TOTAL</b>	<b>121,000</b>	<b>530,000</b>	<b>1,000,000</b>	<b>1,000,000</b>	<b>2,651,000</b>

- 6.2. The profile of GPF investment has been updated since the original GPF application, with the amount of GPF sought in 2018/19 having reduced from £400,000 to £120,000. The amended draw down schedule has been considered as part of the over GPF cash-flow position, as set out in the GPF update report under Agenda Item 9.
- 6.3. In 2019/20, the amount of GPF sought from projects included in the GPF programme exceeds the available funding by £425,691, as set out in the GPF update report under Agenda Item 9. The GPF update report sets out proposed mitigation to manage this risk. However, the Board are asked to consider this cash-flow risk in their decision making in relation to the award of £650,000 to this Project, which includes a £530,000 GPF ask in 2019/20.
- 6.4. The GPF award to this Project is subject to sufficient funding being made available through GPF repayments from existing GPF Projects. Further details on the expected GPF repayments are provided under Agenda Item 9.
- 6.5. The GPF investment will cover the cost of delivering enabling infrastructure at the southern site, as set out in 3.5 above.
- 6.6. Upon completion of enabling works, significant private sector investment in the site will be generated through the delivery of commercial buildings by businesses.
- 6.7. The GPF repayment schedule is shown in Table 2 below.

**Table 2 Innovation Park Medway Southern site enabling works repayment schedule**

	2018/19	2019/20	2020/21	2021/22	Total
GPF repayment	-	-	£50,000	£600,000	£650,000

- 6.8. There are two funding mechanisms for the GPF repayments. The first is through income generated through the development of the site following the completion of the infrastructure improvements. This could include the potential sale of the site.
- 6.9. The second mechanism is through the use of business rates income from companies which locate at the Enterprise Zone. This is based on the assumption that 50% of the site will be occupied by 2020/21, with the remaining businesses moving onto the site in 2021/22.
- 6.10. Cash flow modelling has been included as part of the Business Case which demonstrates that, based on the assumptions applied, sufficient income will be available to enable the repayment schedule to be met.

## **7. Outcome of ITE Review**

- 7.1. The ITE review confirms that there is strong alignment with local and national strategic priorities and a robust analytical exercise has been undertaken by the scheme promoters to assess the costs and benefits of the scheme. This has shown that the scheme will deliver high Value for Money on the loan investment. The schedule and procedure for payback of the loan demonstrates that contribution to a revolving fund is secure.

## **8. Project Compliance with SELEP Assurance Framework**

- 8.1. Table 3 below considers the assessment of the Business Case against the requirements of the SELEP Assurance Framework.
- 8.2. The assessment confirms the compliance of the project with SELEP's Assurance Framework.

**Table 3 SELEP Secretariat assessment against the requirements of the SELEP Assurance Framework**

Requirement of the Assurance Framework to approve the project	Compliance	Evidence in the Business Case
A clear rationale for the interventions linked with the		The Project meets with the objectives of the SELEP Strategic Economic Plan

<b>Requirement of the Assurance Framework to approve the project</b>	<b>Compliance</b>	<b>Evidence in the Business Case</b>
strategic objectives identified in the Strategic Economic Plan		through supporting the development of the Thames Gateway. The project objectives of raising GVA, increasing productivity and providing new highly skilled employment opportunities also align with SELEPs strategic objectives.
Clearly defined outputs and anticipated outcomes, with clear additionality, ensuring that factors such as displacement and deadweight have been taken into account		The project outputs and outcomes are clearly defined.  The schemes impact has been assessed following CLG Appraisal Guidance and HM Treasury Green Book.
Considers deliverability and risks appropriately, along with appropriate mitigating action (the costs of which must be clearly understood)		Work is underway on a Masterplan and Local Development Order for the site to support the projects delivery. A detailed risk register is included as part of the Business Case.
A Benefit Cost Ratio of at least 2:1 or comply with one of the two Value for Money exemptions		A BCR value has been calculated as 3.92:1, categorised as high value for money.

8.3. In relation to State Aid, Medway Council has provided the following advice, "Whilst formal legal advice has not been sought as to whether the funding is exempt from State Aid, Medway Council's legal team are confident that the difference between the amount of interest payable on the Growing Places Fund loan and the amount of interest that would have been payable had the funding been borrowed from an alternative funding source will be below the De Minimis threshold".

## **9. Financial Implications (Accountable Body comments)**

9.1. The GPF necessary to fund the Project in 2018/19 is available following repayments made by round 1 GPF projects. A potential risk to GPF cashflow in 2019/20 has been highlighted in the GPF report (agenda item 9) which may impact on payments to projects in that year; proposals to manage this risk are due to be brought to the next meeting of the Board in November 2018.

9.2. The repayment schedule for the loan, set out in table 2, looks ambitious compared to the proposed expenditure and funding profiles in table 1; should the sale of the site for private sector investment be delayed, the loan



repayments, which are dependent on sale income and/or business rates, will be at risk. The Board are advised to consider this risk on approving this Project.

- 9.3. It should be noted that any non-repayment of the loan will put at risk the funding required for the GPF programme to be maintained as an effective recyclable loan scheme; it is, therefore, imperative that all repayments are made in line with the agreed profile. As such, it is recommended that all GPF repayment risks are monitored as part of the regular GPF updates reported to the Board.

## **10. Legal Implications (Accountable Body comments)**

- 10.1. The Board is not prohibited from taking a decision pending the outcome of the Ombudsman complaint. However, the Board should bear in mind that the Ombudsman determination may have implications to the Rochester Airport Phrase 1 project, which would then impact on this Project. The Board will be updated once the outcome is known, and any implications will need to be considered at that stage.

## **11. Equality and Diversity implication**

- 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:
- (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.
- 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 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 where possible identify mitigating factors where an impact against any of the protected characteristics has been identified.

## **12. List of Appendices**

- 12.1 Appendix 1 - Report of the Independent Technical Evaluator (As attached to Agenda Item 5).

12.2 Appendix 2 – Innovation Park Medway Site Plan

**13. List of Background Papers**

13.1 Business Case for Innovation Park Medway Southern site enabling works  
GPF

**(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)**

<b>Role</b>	<b>Date</b>
<b>Accountable Body sign off</b>  Stephanie Mitchener  (On behalf of Margaret Lee)	  06/09/2018



<b>Report title:</b> A13 widening update report	
<b>Report to Accountability Board</b>	
<b>Report author:</b> Paul Rogers, Programme Manager Major Schemes, Thurrock Council	
<b>Date:</b> 14 <sup>th</sup> September 2018	<b>For:</b> Information
<b>Enquiries to:</b> Paul Rogers, PRogers@Thurrock.gov.uk	
<b>SELEP Partner Authority affected:</b> Thurrock Council	

## **1. Purpose of report**

- 1.1 The purpose of this report is to provide the Accountability Board (the Board) with an update on the A13 widening project (the Project).

## **2. Recommendations**

- 2.1 The Board is asked to:

- 2.1.1 **Note** the update position concerning the Project as set out in this report.

## **3. Background**

- 3.1 The Project will widen 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 and the A1014 (the Manorway) to the east.

## **4. A13 Project Delivery Update**

- 4.1 Since the last Board update, good progress has been made towards the delivery of the Project.
- 4.2 The main site office has been established at the former Toomey garage at Orsett Cock roundabout.
- 4.3 Temporary accesses have been created off of the eastbound carriageway to facilitate the archaeological works. During the main works, these will be used by construction vehicles to access haul routes.
- 4.4 Archaeological and ecological works are in progress and are due to be completed by mid-September. An update will be provided on the outcome following the completion of these works.

- 4.5 In line with the programme of statutory works, Instalcom has diverted its ducts and fibre optic cables immediately east of Orsett Cock roundabout.
- 4.6 A communications and engagement plan has been submitted for approval by the Project Board and imagery is being prepared for the public information events.
- 4.7 Public information events have been arranged as follows. Each event will run between 2pm and 8pm to enable as many people as possible to attend.
- Monday 15 October - East Thurrock Community Association, 77 Corringham Road, Stanford le Hope
  - Tuesday 16 October - Horndon on the Hill Methodist Church Hall, High Road, Horndon on the Hill
  - Friday 19 October - Orsett Churches Centre, High Road, Orsett
- 4.8 Approval In Principle (AIP) submissions for three of the four bridges have been made to the Technical Approval Authority. Discussions continue with third parties concerning the fourth bridge with a view to accelerating these works. Detailed design elements are now undergoing design checks. The detailed design for the Project is due to complete in January 2019, as set out in Section 6 below.
- 4.9 Since the June Board meeting, Kier have completed a topographical survey of both carriageways and compared it with the original survey undertaken by Mason. This revealed differences in carriageway level between the two surveys of -100mm to +250mm and has implications for the design and construction of the scheme.
- 4.10 To mitigate this risk and comply with bridge headroom standards, it may be necessary to locally reduce the pavement overlay thickness beneath the four bridges. The overall depth of the pavement overlay is also questioned along the entire length of the scheme. Atkins is therefore undertaking further analysis and redesign to achieve the required pavement design life and headroom. This analysis and redesign is likely to impact on the programme and an update will be included in the next report to the Board.
- 4.11 The Kier survey focussed on the carriageway only. In order to accurately quantify the volume and cost of the earthworks, it will be necessary to re-survey the soft verges too. The survey work is underway and a further update will be provided at the next Board meeting, setting out any Project risks which have been identified through these soft verge surveys.

## **5. Update on Project expenditure**

- 5.1 On 23 May 2018, the Department for Transport (DfT) confirmed grant funding of £17.610m for A13 Widening in 2018/19.

- 5.2 In Q1 2018/19, the project spent £2.907m of which £0.490m was scheme development and £2.417m was construction. The rate of spend will increase significantly when the main on-road works commence in early 2019.
- 5.3 This Project is profiled to spend £19.902m by the end of this financial year. The annual spend was calculated by amalgamating profiles for individual elements e.g. widening works, statutory undertakers' diversions, land acquisition, surveys and design and supervision fees etc. The spend profile is reviewed on an on-going basis by the Project team to reflect progress made and the impact of risks and issues, including those highlighted in Section 4 of this report.
- 5.4 The Project spend profile currently remains within the budget available for the Project.
- 5.5 Table 1 below shows the funding profile for A13 Widening. There has been no change to the Project spend profile since the last update report to the Board.

**Table 1 Project Funding Profile, August 2018 (£m)**

LGF	16/17	17/18	18/19	19/20	20/21	21/22	Total
August 2018 Update							
SELEP Development Funding	2.708		2.292				5.000
DfT Retained Scheme Funding		13.408	17.610	29.474	5.565		66.057
Third Party Funding						7.809	7.809
Total	2.708	13.408	19.902	29.474	5.565	7.809	78.866

## 6. Update on programme

- 6.1 Table 2 below shows a summary of key milestones. The variances are due mainly to the diversion of Statutory Undertakers' apparatus, delay to the ground investigation and the detailed design.
- 6.2 The above diversions are undertaken by the Statutory Undertakers and the Council has limited powers to make them work faster.
- 6.3 The ground investigation took longer than programmed due to the location, number, and type of samples required; access issues; ground conditions; and unexpected obstructions requiring a change of methodology (bored rig to percussive rig).
- 6.4 The detailed design is taking longer than programmed due to third party approvals e.g. Saffron Gardens Bridge and the entry and exit slip roads at the BP service stations; land issues; design of Statutory Undertakers' diversions; late provision of ground investigation report; and discrepancies with the original topographical survey.

**Table 2 Summary of Key Milestones**

Activity	Timescale agreed at contract stage Finish Date	Finish Date	Cumulative Variance (days)
Contract award	03/07/17	03/07/17	0
Ground investigation	23/01/18	09/05/18	106
Detailed design	24/05/18	17/01/19	238
Vegetation clearance	05/03/18	10/09/18	189
Statutory Undertaker diversions	15/10/19	30/06/20	259
Construction	19/12/19	19/11/20	336
Terminal float	06/03/20	19/11/20	258

## **7. Summary of Risks and Mitigations**

- 7.1 The risk register is reviewed by the Project Board and updated on a regular basis by the Project team.
- 7.2 The current top risk is the discrepancy between the topographical survey provided at the time of tender and the additional topographical survey undertaken by Kier, as set out in 4.9 above. To understand the impact of this risk on the project cost and programme, further analysis and design work will be completed to achieve the required pavement design life and headroom and by resurveying the soft verges to accurately quantify the volume and cost of the earthworks.
- 7.3 Once these additional works have been completed, a further update will be provided at the next meeting of the Board, setting out the implications for Project costs and programme.

## **8. SELEP Secretariat Comments**

- 8.1 At the last meeting of the Board, Board members sought confirmation of the DfT funding contribution to the Project.
- 8.2 A letter from the DfT confirming their funding contribution to the Project is attached as Appendix 1. This letter states that, “the Department will provide a maximum capped funding contribution of £66.05m towards an estimated total scheme cost of £78.85m”.
- 8.3 The Project update provided by Thurrock Council confirms that the Project remains deliverable within the allocated Project budget.

- 8.4 Through recent correspondence with the DfT they have confirmed that the total funding contribution remains as stated in the letter dated the 12<sup>th</sup> April 2017.
- 8.5 The DfT funding is transferred on an annual basis under Section 31 of the Local Government Act 2003. The grant letter for 2018/19 has been received and the funding contribution to the Project has been transferred by the DfT to Essex County Council, as the SELEP Accountable Body.

## **9. Financial Implications (Accountable Body comments)**

- 9.1 There are no significant financial risks identified in this report and the planned project spend profile remains unchanged from the previous update in June 2018; however, it is noted that new risks have been identified for which the value and impact are to be confirmed in the next update to the Board, due in November 2018. Until this information is available, it is not possible to assess the significance to the delivery of the Project of the risks identified or if the cost can be met by the outstanding Project contingency.

## **10. Legal Implications (Accountable Body comments)**

- 10.1 There are no legal implications arising from this report

## **11. Staffing and other resource implications (Accountable Body comments)**

- 11.1 None at present.

## **12. Equality and Diversity implication**

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



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

### **13. List of Appendices**

13.1 Appendix 1 – A13 Widening Project Funding Approval from DfT

### **14. List of Background Papers**

- Business Case for A13 Widening Project
- Accountability Board Agenda Pack 15<sup>th</sup> June 2018 – Project update report
- Accountability Board Agenda Pack 31<sup>st</sup> March 2018 – Project SELEP funding approval

**(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)**

<b>Role</b>	<b>Date</b>
<b>Accountable Body sign off</b>  Stephanie Mitchener  (On behalf of Margaret Lee)	  05/09/2018



# Department for Transport

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12 April 2017

Dear Ann

## **A13 Widening**

Following receipt of your business case for the A13 Widening scheme, this letter confirms that Ministers have agreed to grant the scheme final funding approval enabling your Council to complete any remaining detailed design work and begin construction.

As part of this approval the Department will provide a maximum capped funding contribution of £66.05m towards an estimated total scheme cost of £78.85m. Thurrock Council is solely responsible for meeting any expenditure over and above this maximum amount.

Funding will be paid as capital grant under Section 31 of the Local Government Act 2003. My colleague Robert Fox will write separately to the Council's Chief Finance Officer with a formal letter of grant.

For the above scheme the Department is prepared to make available the following funding profile:

2017/18 - £ 28.544m  
2018/19 - £ 20.236m  
2019/20 - £ 17.277m

We expect you to keep us closely informed of progress with, and expenditure on, the scheme. The simplest way to deal with this is for the quarterly monitoring reports to be

completed and returned by the due dates. We would also expect you to keep us informed of other significant developments as soon as they occur.

You will also be required to carry out a full evaluation of the scheme and to make the results of this evaluation available to the Department.

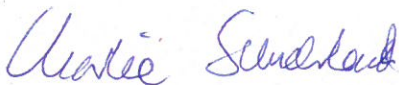
The Government's contribution to the scheme should be advertised in any publicity information that you produce. Ministers want to see all major local schemes which have been built or are being built, where a contribution from the Department is being provided, to display the Department for Transport's corporate logo. A copy of the logo is attached. Please use this on any signs and promotional material for the scheme. For your information, the colour on the DfT logo is coded from the Pantone Matching System as PMS 3298.

Please provide written confirmation that Thurrock Council agrees to the terms of this letter, including certification from your Section 151 Office that the Council accepts the above terms.

I look forward to seeing progress in constructing the scheme and to its subsequent completion.

I am copying this letter to Rhiannon Mort at the South East Local Enterprise Partnership.

Yours sincerely



**Charlie Sunderland**

**Forward Plan reference number:** (if applicable)

<b>Report title:</b> Assurance Framework and Deep Dive Implementation Update	
<b>Report to Accountability Board</b>	
<b>Report author:</b> Adam Bryan, SELEP Managing Director	
<b>Date:</b> 14 <sup>th</sup> September 2018	<b>For:</b> Information
<b>Enquiries to:</b> rhiannon.mort@southeastlep.com	
<b>SELEP Partner Authority affected:</b> All	

## 1. Purpose of report

1.1 The purpose of this report is to make the Accountability Board (the Board) aware of:

1.1.1 The progress which has been made by the South East Local Enterprise Partnership (SELEP) team and the federal areas in implementing the changes necessitated by the refreshed Assurance Framework and Deep Dive

*The Board is reminded that it is accountable for assuring that all requirements of the Assurance Framework are implemented.*

1.1.2 The progress made against the Governance and Transparency Performance Indicators.

## 2. Recommendations

2.1 The Board is asked to:

2.1.1 **Note** the SELEP team and federated area progress in implementing the:

2.1.1.1 SELEP Assurance Framework and

2.1.1.2 Ministry of Housing, Communities and Local Government (MHCLG) Deep Dive recommendations.

2.1.2 **Note** the progress made against the Governance and Transparency Performance Indicators.

### 3. Context

- 3.1 In February 2018, the Strategic Board agreed an updated version of its Assurance Framework to meet the requirements of the Mary Ney Review and the Local Enterprise Partnership governance and transparency: best practice guidance, which followed.
- 3.2 It is necessary to ensure that all requirements are being fully implemented to ensure receipt of future years core funding and Local Growth Fund (LGF) allocations.
- 3.3 Furthermore, a SELEP Deep Dive was orchestrated by the Cities and Local Growth team (CLOG) to further consider SELEPs Governance Arrangements. Following the Deep Dive, a SELEP Deep Dive Report was prepared by the CLOG team setting out a series of recommended actions for SELEP.
- 3.4 To ensure that SELEP fully satisfies the requirements of the SELEP Assurance Framework and the additional recommendations of the SELEP Deep Dive, an implementation plan has been developed to monitor progress. In addition, quarterly update reports are provided to the Board to support the Board's oversight of these governance and transparency arrangements.
- 3.5 The Ministry for Housing, Communities and Local Government has also published its review of LEPs, titled '*Strengthening Local Enterprise Partnerships*'.
- 3.6 Discussions with Government and local partners in relation to the LEP review are ongoing and the LEP review will be discussed at the Strategic Board meeting on the 29<sup>th</sup> September. It is expected that an updated National Assurance Framework will be published in Autumn 2018, to provide clarity on the development of Local Enterprise Partnership delivery plans.
- 3.7 Until any changes necessitated by the LEP review are more clearly understood, progress will continue in delivering on the requirements of SELEP's existing Assurance Framework and the Deep Dive recommendations.

### 4. MHCLG Deep Dive Review and Implementation Process

- 4.1 Further to the initial Deep Dive key findings letter, SELEP received the final report, 2<sup>nd</sup> May 2018. The key areas identified for improvement, as stated in the Deep Dive report include:
  - 4.1.1 **Open Funding Calls** - Ensuring open funding calls in all federated areas. It was noted by the deep dive assessors that federated areas use existing networks to disseminate information and promote funding opportunities. Alongside this approach, however, efforts should be made to advertise funding including on local authority websites, social media and through press notices. Open

advertisement of funding opportunities is a requirement of the National Assurance Framework.

- 4.1.2 **Federated Board Recruitment** - Recruitment to Federated Boards and decisions on representation at Strategic Board level must operate to an open, transparent and consistent process. There should be a much stronger requirement than currently is in place for the Federated Boards to follow such a process, and this should be actively enforced by SELEP.
- 4.1.3 **Investment Pipeline** - SELEP should take steps to satisfy themselves that any underspend is reallocated to the most promising and best value for money projects. This should be based on the strongest projects, regardless of the area they are in. As outlined in the Annual Conversation letter, the 'Investment Panel' should prioritise pipeline projects to ensure that underspends are redistributed in the most effective way possible.
- 4.1.4 **Induction Process** - A formal process of induction for new board members needs to be introduced.
- 4.1.5 **Registers of Interest** - Declarations of interest of board members should be reviewed every six months.

- 4.2 In addition to the key areas for improvement, a list of actions was identified in the Deep Dive Report. These actions have been included in the Assurance Framework and Deep Dive recommendations implementation plan.
- 4.3 A summary of the outstanding actions for the Assurance Framework and Deep Dive recommendations implementation plan is set out in Appendix 1. Completed actions have been removed from the table.

## **5. Progress in delivering on Deep Dive recommendations**

- 5.1 Following receipt of the Deep Dive report, substantial progress has been made to meet the recommendations as set out in paragraphs 5.3 to 5.12 below.
- 5.2 A Governance Officer has also been appointed to the SELEP team to lead on work in delivering on the Implementation Plan.

### **Open Calls for Funding**

- 5.3 An approach to ensure open calls for funding was agreed at the Strategic Board in June 2018.

### **Federated Board recruitment**

- 5.4 Federated Boards have been reviewing their approach to Board member recruitment. In East Sussex, a meeting of a Selection Panel has been organised, to review the applications from the business community to join the Team East Sussex Board.

- 5.5 This Board recruitment process has been conducted through an open and transparent process to reach new businesses who wish to be involved with SELEP.
- 5.6 The Selection Panel, comprised on private and public sector partners, has been organised for the 7<sup>th</sup> September. Information about the process which has been undertaken by Team East Sussex will be shared with other Federated Boards as an exemplar for other areas to consider.

### **Pipeline development and investment decision making**

- 5.7 A process is currently underway to update SELEP's pipeline of investment, should Local Growth Fund (LGF) underspend become available. To date, this has involved an open call for projects, for which there has been substantial interest.
- 5.8 An Investment Panel has also be established, which will meet on the 7<sup>th</sup> December to agree the pipeline of projects for LGF and to ensure that LGF is invested in the projects which can demonstrate the highest value for money.

### **Induction Process**

- 5.9 The current board member induction process is due to be reviewed and updated by the SELEP Governance Officer once in post.

### **Registers of Interest**

- 5.10 SELEP has a Register of Interest Policy, which has been agreed by the Strategic Board; this states that members are required to review and update their interests in advance of each meeting. Outside of this, board members have 28 days to update their form and return to the Secretariat should any changes be identified.
- 5.11 CLG has dictated that LEPs must use the Register of Interest template which they have provided. Concerns raised by Board members about the suitability of the template have been fed in to Government officers on a number of occasions.
- 5.12 To support Board members in completing comprehensive Registers of Interest, a guidance note is due to be circulated to the Strategic Board.

## **6. Assurance Framework requirements**

- 6.1 In addition to the Deep Dive recommendations, SELEP continues to monitor its delivery of the SELEP Assurance Framework, which was agreed by the Strategic Board in February 2018 via electronic procedure.
- 6.2 Further to the progress being made by the SELEP Secretariat to implement the requirements of the SELEP Assurance Framework, implementation plans are required for each Federated Area to ensure full compliance.

- 6.3 A full list of the outstanding actions for the SELEP Secretariat and Federated Boards to implement is set out in Appendix 1. Actions have been removed from this list where they have been achieved or are fully embedded within SELEP's working practice.
- 6.4 Both the secretariat team and federated boards are monitored against their ongoing Key Performance Indicators. These are reported back at each Accountability Board and progress made on these can be found in Appendix 2.
- 6.5 Outstanding actions from Federated areas include:
  - 6.5.1 Registers of Interest - All Federated Board members to complete a Declaration of Interest and for these to be published on their and the SELEP website respectively.
  - 6.5.2 Terms of Reference - Federated Boards will ensure their Terms of Reference have been updated to include updates from the National Assurance Framework, Mary Ney Recommendations and improvements from the Deep Dive report. These should be shared with secretariat team and published online.
  - 6.5.3 Policies - Federated Boards will agree to implement SELEP's policies on: Code of Conduct, Complaints Policy, Register of Interest Policy, Subsistence and Hospitality Policy, Whistleblowing Policy and Gift and Hospitality Policy. Alternatively a Federated Board is able to implement its own policies, provided they sit in line with SELEP's and MHCLG requirements.
  - 6.5.4 Forward Plan - A Forward Plan of Decisions is to be available on the Federated Boards and SELEPs website at least 28 days in advance of the meeting.
  - 6.5.5 All meeting papers to be published on SELEP's website 5 clear working days in advance of a meeting.
  - 6.5.6 All draft minutes are to be published on SELEP's website 10 clear working days following a meeting.
  - 6.5.7 All final minutes are to be published on SELEP's website 10 clear working days following approval.

## **7. Governance and Transparency Performance Indicators**

- 7.1 As agreed at the March 2018 Board Meeting, Appendix 2, outlines progress made to date on the Governance and Transparency Indicators.
- 7.2 These performance measures focus on ensuring that the specific requirements as set out by Government in their LEP Governance and Transparency Best Practice Guidance continue to be met.
- 7.3 The key measures currently not being achieved are as follows:
  - 7.3.1 Publication of registers of interest by Federated Boards – not all of the boards are currently meeting this requirement;



- 7.3.2 Publication of agendas for meetings 5 days in advance of meetings – partially not met;
- 7.3.3 Publication of draft meeting minutes 10 days following meetings – not met in some Federated areas.
- 7.4 For those indicators that are currently not met, mitigations are to be put in place to ensure that they are met in the future and a further update will be provided on these at the next board meeting.

## **8 Accountable Body comments**

- 8.1 It is a requirement of Government that the SELEP agrees and implements an assurance framework that meets the revised standards set out in the LEP National Assurance Framework.
- 8.2 The purpose of the Assurance Framework is to ensure that SELEP has in place the necessary systems and processes to manage delegated funding from central Government budgets effectively.
- 8.3 The SELEP Secretariat has been advised by the Accountable Body to identify and prioritise the key actions listed in paragraph 4.1 and to identify mitigations in respect of the key performance indicators which are currently not being met as these are requirements of the Assurance Framework.
- 8.4 It is recognised that a number of actions within the implementation plan and the performance indicators have been subject to delay in meeting the requirements and that this has largely been a result of resourcing constraints within the Secretariat.
- 8.5 It is noted that in order to assist in meeting the identified improvements, SELEP have recruited additional resource, including a Governance Officer who is due to start at the end of September. A priority for this role is expected to be in supporting the Secretariat and the Federated areas in ensuring all requirements are implemented to meet agreed timelines.
- 8.6 An additional requirement of funding from Government is ensuring that the delivery of the Growth Deal is being actively monitored and evaluated by the Strategic Board and other key stakeholders, including the public, through the provision of regular updates to the Board and on the SELEP website. It is noted that arrangements are being addressed by the SELEP Secretariat to progress meeting this requirement.
- 8.7 CIPFA consultation on the role of LEP Accountable Body section 151 officers
- 8.7.1 A recommendation of the Mary Ney review was for guidance to be issued to Accountable Body section 151 officers to clarify their role in support of LEPs. The Chartered Institute of Public Finance & Accountancy (CIPFA) were requested to develop this guidance by the Cities and Local Growth Unit which was published in August 2018.

- 8.7.2 The Accountable Body is reviewing the implications of the guidance and will ensure that the recommendations are addressed, in full, as appropriate; an update on the position will be provided to the SELEP Strategic Board.

## **9 Financial Implications (Accountable Body Comments)**

- 9.1 Following the Annual Conversation and Deep Dive processes required by the Government, SELEP received its full LGF allocation for 2018/19 of £91.7m. In the Grant Offer Letter, the Government reiterated that the use of all LGF must fulfil the following requirements:

- It must be used to support the Growth Deal agreed between the Government and the LEP and will be used to secure the outcomes set out in the Growth Deal. Within that the Government expects SELEP and the Accountable Body to use the freedoms and flexibilities that are in place to manage the capital budgets between programmes.
- It must be deployed solely in accordance with decisions made through the Local Assurance Framework agreed between the LEP and the Accountable Body. This must be compliant with the standards outlined in the LEP National Assurance Framework.
- That progress is tracked against the agreed core metrics and outcomes, in line with the national monitoring and evaluation framework.
- That the LEP and Accountable Body follow the branding guidance and communicate the on-going outcomes and outputs of the growth deal.

- 9.2 The implementation plan set out in Appendix 1 is intended to demonstrate that the requirements of the SELEP Assurance Framework are being implemented as certified by the S151 Officer of the Accountable Body to the MHCLG in February 2018. The 2018/19 LGF grant payment has been made on this basis and it is therefore essential that efforts continue to be made to ensure appropriate consideration and prioritisation is given to implementing the Assurance Framework in full – this will support the certification that is required by the S151 Officer of the Accountable Body to the MHCLG for 2019/20.

## **10 Legal Implications (Accountable Body Comments)**

- 10.1 There are no legal implications arising from this report

## **11 Equality and Diversity implications**

- 11.1 None at present.

## **12 List of Appendices**

- 12.1 Appendix 1 – SELEP Assurance Framework Implementation Plan progress update
- 12.2 Appendix 2 – Governance and Transparency Performance Indicators

## 13 List of Background Papers

### 13.1 SELEP Assurance Framework

(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
<b>Accountable Body sign off</b>  Stephanie Mitchener  (On behalf of Margaret Lee)	  05/09/18

*Assurance Framework and Deep Dive Implementation Update*

**Appendix 1 SELEP Assurance Framework and Deep Dive Recommendations Implementation Plan progress update**

Summary	Requirement	Responsibility	Priority	Status	Action Required	Deadline for Completion	RAG
Prioritisation of projects and development of a single pipeline							
Prioritisation Process	<p>Each Federal Board shall ensure that they apply the prioritisation process as approved by Strategic Board</p> <p>SELEP to ensure all its federated areas operate open calls for funding. This should include on local authority websites, social media and through press notices.</p>	SELEP and Federated Areas	H	<p>Each Federated Area has followed the prioritisation process agreed by Strategic Board for the prioritisation of GPF Projects, during July and August 2017. An approach needs to be developed for the prioritisation of LGF.</p>	<p>An approach to the development of a SELEP LGF single pipeline was agreed by the Strategic Board in June 2018.</p> <p>An open call for projects has been undertaken. This has included publicising the LGF3B process through, local authority websites, social media and press releases.</p> <p>The deadline for Expressions of Interests has now closed, as per the scheduled dates.</p> <p>It is intended that the SELEP single pipeline will be agreed by the Strategic Board/ Investment Panel in December 2018.</p>	Dec-18	G

Summary	Requirement	Responsibility	Priority	Status	Action Required	Deadline for Completion	RAG
Single list	A single LEP project list will be published on the SELEP website as part of the Infrastructure and Investment Plan	SELEP	H	Planned	<p>A single list of priorities was identified as part of the GPF bidding process. This is now published on the SELEP website.</p> <p>Following the approval of a single prioritised list of LGF projects, as set out above, this will be published on the SELEP website.</p>	Dec-18	G
SELEP collateral							
Comms strategy	Communications Strategy to be refreshed and taken to Strategic Board for approval and implementation	SELEP	M	Planned in line with SEP launch	The Communication Plan is being developed alongside the SEP. A draft of the strategy will be prepared in Autumn ready for endorsement by the Strategic Board.	Sept-18	A
Transparency and Declarations of Interest							
Registers of Interest	All members of Strategic Board, Accountability Board and Federated Boards are required to complete a Register of Interest form	SELEP/Board members/ Federated Boards	H	Completed and Ongoing	<p>Guidance to be made available by SELEP on the preparation of Registers of Interest to ensure that they are comprehensive.</p> <p>Federated Board member Registers of Interest to be made available on SELEP website.</p>	Jun-18	R

Summary	Requirement	Responsibility	Priority	Status	Action Required	Deadline for Completion	RAG
Register of Interests	LEPs should ensure senior members of staff or those staff involved in advising on decisions should also complete this form and report interests. Unless there is a relevant or new interest that pertains to a meeting or decision, LEP staff should review their interests every six months.	Officers	H	SELEP Secretariat Register of Interest's have been completed. The Senior Officer group will be sought following the next Senior Officer Group meeting on the 8 <sup>th</sup> June 2018.	Senior Officer Group to complete a Register of Interests forms.	Jun-18	R
Registers of Interests	All Registers of Interests to include a member, Chief Executive and Section 151 Officer signature.	SELEP	H	S151 sign off of Registers of Interests considered inappropriate	All registers of interests to be signed off by SELEP Secretariat to confirm receipt.	Quarterly	R
Project information on websites	We recommend that where projects have been completed, or significant milestones have been met, that SELEP makes efforts to update this on individual project pages.	SELEP	M	A summary of project progress is currently provided on the website.	Now that the new SELEP website has gone live, action is required to provide updates on individual project pages.	July 2018	R
Specific to local areas							

Summary	Requirement	Responsibility	Priority	Status	Action Required	Deadline for Completion	RAG
Recruitment	SELEP Board and Federated Board recruitment process	Federated Areas	M	This is to be agreed at the June 2018 Strategic Board Meeting and implemented with immediate effect.	A Federated Board recruitment process was agreed by the Strategic Board in June 2018 Strategic Board. This recruitment process will be implemented with immediate effect.	Jun-18	A
Monitoring local implementation of the AF	SELEP secretariat to work with Federated Boards to set out their plans to implement and monitor the Assurance Framework.	SELEP	H	Meetings to be scheduled	SELEP Secretariat and the Accountable Body are currently planning to attend Federated Board Meetings in the coming months to discuss compliance with the Assurance Framework and Mary Ney report.  However, this will be lead, in part, by discussions in relation to the LEP review.	Jul-18	A
Working Groups	Working Groups will publish their Terms of Reference, calendar of dates and papers produced on SELEP's website	Working Groups / SELEP	M	Ongoing	A member of the SELEP team will be attending each of the Working Groups to help identify any gaps in the publication of information on the website. Terms of Reference are currently being approved by the following groups, once approval has been given they will be uploaded to the SELEP website: U9 (University 9) Working Group Terms of Reference is outstanding.	Jun-18	R
Secretariat							

Summary	Requirement	Responsibility	Priority	Status	Action Required	Deadline for Completion	RAG
Recruitment of Governance Officer	SELEPs should appoint a Governance Officer	SELEP	H	Within next quarter	A SELEP Governance Officer has been appointed and is due to start in September 2018.	September	G
Implementation of Investment Panel	SELEP should take steps to satisfy themselves that any underspend at a federated level is reallocated to the most promising and best value for money projects. This should be based on the strongest projects, regardless of the area they are in. As outlined in the Annual Conversation letter, the 'Investment Panel' should prioritise pipeline projects to ensure that underspends are redistributed in the most effective way possible.	SELEP / Strategic Board	H	Within next quarter	<p>The SELEP Strategic Board have agreed to establish an Investment Panel (the Panel). A Terms of Reference for the Panel was agreed at the last Strategic Board meeting in September.</p> <p>The Panel will meet in December 2018 to review the LGF pipeline.</p>	Jun-18	G
S151 attendance at SELEP meetings.	The Government recommend the S151 considers occasional attendance at key meetings throughout the year. This could include an open invitation to attend Strategic or Accountability Board meetings, or attendance at the Annual Conversation.	SELEP	M	Ongoing	S151 to consider attendance at SELEP Strategic / Accountability Board meetings as considered appropriate		G



**Appendix 2 – Governance and Transparency Performance Measures**

Indicator	Target	Met (Y/N)	Comments
<b>Is the Forward Plan of Decisions, including any associated business cases, published at least 28 days in advance of the meeting?</b>	<b>28 days</b>		
Accountability Board - this is needed to ensure appropriate publication of funding decisions		Y	
Strategic Board		N	Forwards plan being populated and to be in place for December 2018
Federated Boards		N	
<b>Are all papers published on the SELEP website 5 clear working days in advance of the meeting</b>	<b>5 days</b>		
Accountability Board		N	The Agenda Pack was published as per the agreed schedule, however, a number of items were published after this date due to late submissions from partners.
Strategic Board		N	The Agenda Pack for the June 2018 Strategic Board were published one day behind schedule.

Federated Boards		N	All papers are published on the SELEP website, but not all were received within the required schedule. Federated Board leads should send Federated Board Agenda Packs to SELEP on <a href="mailto:hello@southeastlep.com">hello@southeastlep.com</a> at least 5 working days in advance of the Board meeting.
<b>Are all draft minutes published within 10 clear working days, following the meeting?</b>	<b>10 days</b>		
Accountability Board		Y	
Strategic Board		Y	
Federated Boards		N	All draft minutes are published on the SELEP website, but not all were received within the required schedule.  Federated Board leads should send Federated Board Agenda Packs to SELEP on <a href="mailto:hello@southeastlep.com">hello@southeastlep.com</a> at least 10 working days following the Board meeting.
<b>Are final minutes published within 10 clear working days following approval?</b>	<b>10 days</b>		

Accountability Board		Y	
Strategic Board		Y	
Federated Boards		N/A	Minutes have not yet been approved to be uploaded as final minutes. All approved minutes are to be sent to hello@southeastlep.com
<b>Are declarations of interest in place for all board members?</b>	<b>100%</b>		
Accountability Board		Y	
Strategic Board		Y	A reminder will be circulate in advance of each Board meeting to update Declarations of Interest.
Federated Boards		N	Latest position to be confirmed by local areas
<b>Are declarations of interest in place for relevant staff?</b>	<b>100%</b>	N	SELEP Secretariat have completed their DOI's. The Senior Officer Group will be asked to complete DOI's by end of September 2018.
<b>Are all interests declared and recorded in the meeting minutes with a note of actions taken?</b>	<b>100%</b>	Y	Spot checks are completed on the Federated Board minutes to ensure these

			are completed and noted.
<b>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?</b>	<b>100%</b>	<b>Y</b>	The project changes which have come forward to the March 2018 have received Federated Board endorsement prior to consideration by the Accountability Board.
<b>Publication of Business Cases 1 month in advance of funding decision</b>	<b>100%</b>	<b>Y</b>	This has been achieved for projects seeking a funding award.

Forward Plan reference numbers: N/A

<b>Report title:</b> <i>Update on SELEP Revenue Budgets 2018/19</i>	
<b>Report to Accountability Board</b>	
<b>Report author:</b> <i>Suzanne Bennett</i>	
<b>Date:</b> 17 August 2018	<b>For:</b> Information
<b>Enquiries to:</b> <i>Suzanne Bennett:</i> <a href="mailto:Suzanne.bennett@essex.gov.uk">Suzanne.bennett@essex.gov.uk</a>	
<b>SELEP Partner Authority affected:</b> <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 forecast of revenue outturn for 2018/19 as at August 2018; including forecasts for specific grants budgets.

## 2. Recommendations

- 2.1 The Board is asked to:

- 2.1.3 Note the current forecast **under spend** of **£202,000** against the total revenue budget for 2018/19. The under spend will be offset by a reduced withdrawal from reserves.

## 3. Background

- 3.1. It is currently forecast that the SELEP Revenue expenditure budget of £3.282m will be under spent by £97,000 or 6.62%. This under spend is mostly due to delays in filling staffing vacancies. At the time of writing recruitment for five posts is underway but a further vacancy has also arisen in the last month.
- 3.2. The under spend on staffing budgets is expected to be £106,000 although this may increase should not all the five posts be filled in this round of recruitment or if there is a lag between the recruitment and the actual start of posts. The posts are currently being offered as one year fixed term contracts.
- 3.3. A small over spend on meetings and administration costs is forecast. Part of this over spend is the costs of the joint Skills/Growth Hub event which has been funded by the Skills Funding Agency and there is a corresponding over-recovery of income. Further details can be found below at paragraph 3.7.
- 3.4. Within the Consultancy and Projects line, there is a budget of £189,000 to support project work. This budget was created to support additional work that may have been necessary following the launch of the Strategic Economic Plan and any potential additional costs that might arise as a result of the LEP Review.

- 3.5. Due to the delayed publication of the LEP Review, more detailed plans on the requirement for this budget have yet to be made. However, now that the LEP Review has been released, this work will begin. It may be necessary to slip some of this work and related expenditure into financial year 2019/20 and a further update will be made to the next Accountability Board meeting.
- 3.6. Income is currently forecast to be over-recovered by £105,000; £101,000 due to increases in external interest receipts and £4,000 due to the contribution from the Skills Funding Agency detailed below that wasn't budgeted.
- 3.7. The SELEP Skills Manager was successful in securing some additional funding from the Skills Funding Agency (SFA) to cover the costs of a joint Skills/Growth Hub event. The costs for this event are included in the meeting and administration costs line.
- 3.8. The original budget for external interest receipts was set in December 2017 on the basis of expected cash flow of monies for both Local Growth Fund (LGF) and Growing Places Fund (GPF) and two base rate increases by the Bank of England.
- 3.9. The assumed level of cash opening balance was much lower than the actual opening balances. This was primarily due to:
  - 3.9.1. reduced spend on the LGF programme in 2017/18, in particular in relation to the A13 project which has been subject to delays (previously reported to the Board); and
  - 3.9.2. fewer of the latest round of GPF projects having loan agreements in place by the end of the year.
- 3.10. In addition to higher levels of cash being held centrally by SELEP, local areas also carried forward LGF monies. As a result, drawdowns in the first quarter have been reduced.
- 3.11. The forecast interest receipt was updated to reflect the changed cash flow for the previous report to Accountability Board. At that point, it was assumed that the Bank of England would make a single base rate rise in December 2018. However, the base rate was raised in August, resulting in a further uplift in forecast interest receipt.
- 3.12. It is now assumed that there will be no further rate increases in this financial year. The cash flow will continue to be updated and the Treasury Management function of Essex County Council will continue to invest funds on behalf of SELEP.
- 3.13. It is currently forecast that all specific grants will spend in line with budget. The latest round of Sector Support Fund applications will be considered at the September meeting of Strategic Board. Should the full £500,000 not be allocated in 2018/19, then spend will be reduced.
- 3.14. Details of the forecast position for the revenue budgets can be found overleaf.

**Table 1 – Latest Forecast for SELEP Revenue Budgets**

	<b>Forecast Outturn £000</b>	<b>Latest Budget £000</b>	<b>Variance £000</b>	<b>Variance %</b>
Staff salaries and associated costs	655	760	(105)	-13.82%
Staff non salaries	31	32	(1)	-3.13%
Recharges (incl. Accountable Body)	145	145	-	0.00%
<b>Total staffing</b>	<b>831</b>	<b>937</b>	<b>(106)</b>	<b>-11.31%</b>
Meetings and admin	80	71	9	12.68%
Chairman's allowance	20	20	-	0.00%
Consultancy and projects	610	610	-	0.00%
Local Area Support	150	150	-	0.00%
Grants to third parties	1,588	1,588	-	0.00%
<b>Total other expenditure</b>	<b>2,448</b>	<b>2,439</b>	<b>9</b>	<b>0.37%</b>
<b>Total expenditure</b>	<b>3,279</b>	<b>3,376</b>	<b>(97)</b>	<b>-2.87%</b>
Grant income	(2,317)	(2,317)	-	0.00%
Contributions from partners	(200)	(200)	-	0.00%
Other Contributions	(4)	-	(4)	0.00%
External interest received	(575)	(474)	(101)	21.31%
<b>Total income</b>	<b>(3,096)</b>	<b>(2,991)</b>	<b>(105)</b>	<b>3.51%</b>
<b>Net expenditure</b>	<b>183</b>	<b>385</b>	<b>(202)</b>	<b>-52.47%</b>
<b>Contributions to/(from) reserves</b>	<b>(183)</b>	<b>(385)</b>	<b>202</b>	<b>-52.47%</b>
<b>Final net position</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.00%</b>

- 3.15. The forecast reduction in the required withdrawal from reserves, from a budgeted figure of £385,000 to a forecast of £183,000, will result in a General Reserve balance of £243,000. This is considerably higher than the minimum level agreed by Accountability Board of reserve of £100,000.

**Table 2 – General Reserve**

	£000
Opening balance 1st April 2018	511
<b>Planned Utilisation</b>	
Growth hub withdrawal approved	85
Updated forecast withdrawal at year end	183
<b>Total</b>	<b>268</b>
<b>Balance remaining</b>	<b>243</b>
Minimum value of reserve	100

- 3.16. Whilst the value of the reserve is higher than the agreed minimum value, it is prudent to be holding some additional funds at this time due to the uncertainty arising from the recent publication of the LEP Review. The full implications of the review are yet to be fully understood, however, it is likely that the LEP will need to explore possibilities around assuming a legal identity of its own.
- 3.17. Government has made available £200,000 per LEP to support the effective and timely implementation of LEP Review recommendations. SELEP will be applying for this funding in conjunction to submitting implementation plans by the deadline of 31<sup>st</sup> October 2018.
- 3.18. However, this funding may not be sufficient to fully fund all changes required and having additional funds in reserves to potentially cushion any transition costs is sensible.
- 3.19. Additionally, should the geographical boundaries of the LEP change there may well be transitional or closedown costs which could also be funded through the reserve. Any funds remaining following a closure would be redistributed to the upper tier partner authorities on the same pro-rated basis that is used to calculate contributions.
- 4. Financial Implications (Accountable Body comments)**  
This report has been authored by the Accountable Body and the recommendations are considered appropriate.
- 5. Legal Implications (Accountable Body comments)**  
None



## **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**

## **8. List of Background Papers**

**(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)**

<b>Role</b>	<b>Date</b>
<b>Accountable Body sign off</b>	
Stephanie Mitchener (On behalf of Margaret Lee)	05/09/18