

## ACCOUNTABILITY BOARD

<b>10:00</b>	<b>Friday, 12 February 2016</b>	<b>High House, Production Park, Vellacott Close, Purfleet, RM19 1RJ,</b>
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### Membership

Mr Geoff Miles  
Cllr Kevin Bentley  
Cllr Paul Carter  
Cllr Rodney Chambers  
Cllr Keith Glazier  
Cllr John Kent  
Cllr Ron Woodley  
Angela O'Donoghue  
Myroulla West

Chairman  
Essex County Council  
Kent County Council  
Medway Council  
East Sussex Council  
Thurrock Council  
Southend Borough Council  
FE & Skills  
HEI's

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

**Ian Myers**  
**(Secretary to the Board)**  
**[ian.myers@essex.gov.uk](mailto:ian.myers@essex.gov.uk)**  
**Tel: 03330134575**

	<b>Pages</b>
<b>1</b>	<b>Welcome and Apologies for Absence</b>
<b>2</b>	<b>Minutes</b> To approve as a correct record the minutes of the meeting held on Friday 13 November 2015
<b>3</b>	<b>Local Enterprise Partnerships - Annual Conversation</b> To receive a verbal update from Adam Bryan
<b>4</b>	<b>Finance Update - SELEP Budget and LGF Confirmation</b> To receive attached report
<b>5</b>	<b>Skills Capital Round 3</b> To receive attached report
<b>6</b>	<b>Business Case Approvals, including Independent Technical Evaluation</b> To receive attached report
<b>7</b>	<b>Capital Programme Management Update</b> To receive attached report
<b>8</b>	<b>Dates of Future Meetings</b> 8 April 2016 (please note additional meeting) 10 June 2016 16 September 2016 18 November 2016  The Board is asked to consider setting aside an hour before Strategic Board meetings in 2016 should urgent Accountability Board decisions be required.
	<b>3 - 6</b>
	<b>7 - 12</b>
	<b>13 - 24</b>
	<b>25 - 58</b>
	<b>59 - 80</b>

**MINUTES OF A MEETING OF THE SOUTH EAST LOCAL ENTERPRISE  
PARTNERSHIP ACCOUNTABILITY BOARD HELD AT HIGH HOUSE  
PRODUCTION PARK, PURFLEET, AT 10.00AM ON 13 NOVEMBER 2015**

Present:

Kevin Bentley	Essex County Council
Paul Carter	Kent County Council
Rodney Chambers	Medway Council
Angela O'Donoghue	FE + Skills
Keith Glazier	East Sussex County Council
John Kent	Thurrock Council
Ron Woodley	Southend Borough Council
Myroulla West	HEI's

Also in attendance:

Nicole Wood	Essex County Council
David Godfrey	SELEP
Steven Bishop	Steer Davies Gleave
Tom Higbee	Steer Davies Gleave
Jennie Rothera	Steer Davies Gleave
Nicola Floodgate	Medway Council
Ross Gill	Kent County Council
Emma Cooney	Southend Borough Council
Andy Rayfield	MAXIM
Mike Rayner	SELEP
Lorna Norris	Essex County Council
Suzanne Bennett	Essex County Council
Adam Bryan	SELEP
Lucy Spencer-Lawrence	SELEP
Zoe Gordon	SELEP
Steve Cox	Thurrock Council
Dominic Collins	Essex County Council
Richard Dawson	East Sussex County Council
John Shaw	Sea Change Sussex
M Kelly	East Sussex County Council
Kim Mayo	Essex County Council
Ian Myers	Essex County Council

## **1. Welcome and Apologies for Absence and Declarations of Interest**

Apologies were received from Geoff Miles.

## **2. Joint Committee Agreement**

Members received an update from Kim Mayo who reported that all partner signatures had been received and the Board was fully constituted as from 13 November 2015. Copies of the Agreement were distributed to each partner authority.

In the absence of the Chairman, Kim Mayo advised Members that the appointment of a vice-chairman should come from the HE or FE sector. Angela O'Donoghue was proposed and seconded and took the Chair for the meeting.

### **3. Minutes and Actions from Previous Meeting**

The minutes of the meeting held on 11 September 2015 were agreed as a correct record and signed by the Chairman.

### **4. Business Case Sign-off following Independent Technical Evaluation**

The purpose of the report was to agree the business cases for schemes brought forward through the Independent Technical Evaluator (ITE) process to enable funding to be devolved to scheme sponsors (county and unitary councils) as part of our capital programme management.

The following recommendations were **AGREED**:

- Approve the following schemes for funding achieving high value for money and medium to high certainty of achieving this:
  - A28 Sturry Road Integrated Transport Package (£2.0m)
  - Maidstone Sustainable Access to Employment (£2.0m)
  - Eastbourne and South Wealden Walking and Cycling Package (specific components only – £2.0m)
  - Kent & Medway Growth Hub (£6.0m)
  - North Bexhill Access Road (£7.6m)
- To fund the Sittingbourne Town Centre project
- To fund and bring forward delivery of a non-transport component of the Southend Central Area Action Plan.

### **5. Local Growth Fund Capital Monitoring**

The purpose of the report was to advise the Accountability Board on the conditions of the Local Growth Fund (LGF) capital grant - the main Government funding source for the South East Local Growth Plan and approve recommendations for effective management of the SE LEP Growth Deal Capital Programme.

The following recommendations were **AGREED**:

- Note the funding conditions that apply to the LGF as set out in paragraph 3.2 of the report.
- Agree the options for managing the forecast Capital Programme variances as set out in Table 1, paragraph 3.14 of the report

## 6. Local Growth Fund Skills Capital

The purpose of the report was to update the Accountability Board on the £22m Skills Capital funding through the Local Growth Fund, agree changes to the Skills Capital programme as proposed and note the further funding round launched to Further Education providers for Skills Capital and Skills Equipment

The following recommendations were **AGREED**:

- Note progress on successful Skills Capital projects
- Pending further information from Harlow College, agree to amend the LGF funding profiles for each of the colleges across the financial years 2015/16 and 2016/17, to mitigate potential underspending within the skills capital programme in 2015/16. This re-profiling will not result in a change to the amount of funding allocated in total to each college.
- Agree that funding released as a result of the withdrawal of the successful East Kent College scheme is made available for new capital and equipment bids in the current Skills Capital and Skills Equipment funding round

## 7. Local Growth Fund – Growth Hub

The purpose of the report was to update the Accountability Board on the progress made on the South East Business Hub – our approach to delivering a Growth Hub (LGF funded) across the SELEP area.

The report was **NOTED**

## 8. Capital Monitoring – Additional Information

The purpose of the report was to update the Accountability Board on the SEFUND/Growing Places Fund programme and note the progress on the Growth Deal projects for J10a of the M20 in Kent and the Ashford Spurs rail improvements

The report was **NOTED**

## 9. Local Enterprise Partnerships – Annual Conversation

Members received a verbal update from David Godfrey who reported that every LEP would be meeting with Government during December 2015. It was **NOTED** that a report outlining the proposals will be presented to a future meeting of the Strategic Board.

## **10. National Audit Office Report**

Members received a verbal update from David Godfrey who outlined that the National Audit Office is revisiting how LEPs are resourced. It was **NOTED** the work is on-going.

## **11. 6 Month Outturn Report**

The purpose of the report was to update the Board on the financial position for the Secretariat budget at half year which ended 30<sup>th</sup> September 2015.

The report was **NOTED**

## **12. Finance Update – Statement of Accounts**

The purpose of the report was to present the audited Statements of Accounts for 2014/15 to the Accountability Board for consideration.

The report was **NOTED**

## **13. Any Other Business**

There were no further items of business

## **14. Date of Next Meeting**

It was noted the next meeting would be held on Friday 22 January 2016. It was also noted that there may be a need for an additional meeting early December 2015 to deal with approvals of forthcoming projects.

The meeting closed at 11.07am

**AGENDA ITEM 4**

<b>Report to Accountability Board</b>	<b>Forward Plan reference number:</b> N/A
<b>Date of Accountability Board Meeting:</b> 12 <sup>th</sup> February 2016	
<b>Date of report:</b> 27 <sup>th</sup> January 2016	
<b>Title of report:</b> Finance Update including Funding for 2016/17	
<b>Report by:</b> Suzanne Bennett	
<b>Enquiries to:</b> Suzanne.bennett@essex.gov.uk	

**1. Purpose of report**

- 1.1. The purpose of this paper is to update the Accountability Board on:
- the latest 2015/16 forecast outturn position for the Partnership;
  - the 2016/17 funding position for both the Secretariat and the Local Growth Programme, and
  - continuing financial support by the Local Authority partners.

**2. Recommendations**

- 2.1. Accountability Board is asked to:
- Confirm Local Authority partner contributions for 2016/17 at the same level as 2015/16 (see Table 2);
  - Note the work continuing on the budget for the next financial year in light of the announcements from Government on funding for administration costs;
  - Note the letter from Government on indicative funding levels for the Local Growth Programme; and
  - Note the current 2015/16 financial position for the Secretariat.

**3. Background**

- 3.1. For the last three years, the revenue operating costs of the South East LEP have been funded as follows:

**Table 1**

	<b>£</b>
Contributions from Local Partners	200,000
Government Grant – Core Funding (match required)	250,000
Government Grant – Strategy Funding (no match)	250,000
<b>Total</b>	<b>700,000</b>

- 3.2. National Governmental support for LEPs was due to fall out from 31 March 2016. Following the Autumn Statement it has now been confirmed that the £250,000 Core Grant will be continued into 2016/17 and the Secretariat will co-ordinate the submission of the formal application for the Grant by 1<sup>st</sup> March 2016 as required.

- 3.3. The Core Funding does require match from local SELEP funds. In previous years the £250,000 has been matched by a total £200,000 contribution from Local Authorities (each of the six county/unitary authorities) and £50,000 non-cash match in business Board member time spent supporting work streams (Board member time spent on Board activity is not applicable). In order to complete the grant application it is necessary for the Board members to confirm that they will continue to make contributions at the same rate as previous years for 2016/17 (details below in Table 2).

**Table 2**

<b>Partner</b>	<b>£</b>
East Sussex County Council	26,180
Essex County Council	71,760
Kent County Council	72,500
Medway Council	13,040
Southend-on-Sea Borough Council	8,400
Thurrock Council	8,120
<b>Total</b>	<b>200,000</b>

Accountability Board Members are asked to confirm that their respective Local Authority will be making the same contribution again in 2016/17.

- 3.4. There has been no formal confirmation of any Strategy Funding being available in 2016/17. However, there have been indications that further funding will be announced later in February or in early March.
- 3.5. Given the ongoing uncertainty of funding the Accountable Body is working with the Secretariat to build an operating budget for next year that fits with a number of different funding scenarios and reflects the options to be set out in the business plan for the year. This will be presented to Strategic Board in March. The final budget will be presented for consideration by the Accountability Board at its April meeting.
- 3.6. The Accountable Body will support the SE LEP in lobbying Government for more information on potential funding streams and make clear the additional revenue costs incurred in running the £0.5bn LGF Programme in comparison to the much smaller programmes run elsewhere.
- 3.7. In December 2015 a letter (Appendix 1) was received by the Accountable Body confirming the indicative profiling of the Local Growth Capital Grant for future years. This profile was a confirmation following the Autumn Statement and the Annual Conversation of previously announced figures and these figures are currently being used for LGF planning purposes. The profile is as follows:



**Table 3**

2016/17	2017/18	2018/19	2019/20	2020/21
£82,270,227	£68,175,467	£72,365,037	£45,002,319	£28,422,319

- 3.8. The Accountability Board is asked to note that this profile is still badged as indicative. The Accountable Body is expecting to receive final confirmation of the value of grant for 2016/17 by the end of February and will continue to push for a multi-year grant agreement. Further information on the process for defining the capital programme for next year can be found in the Capital Programme Monitoring Report.
- 3.9. Accountability Board is asked to note the latest 2015/16 forecast position for the Secretariat Operating budgets which can be seen below.

**Table 3**

Third Quarter Forecast - £000's		£000's		
		Forecast	Budget	Variance
<b>Income</b>				
Grants		(550)	(600)	50
Other Local Authority contributions		(200)	(200)	-
External interest received		(200)	-	(200)
<b>Total income</b>		<b>(950)</b>	<b>(800)</b>	<b>(150)</b>
<b>Expenditure</b>				
Staffing		454	578	(124)
Recharges from Accountable Body		129	134	(5)
Office costs and events		112	63	49
Consultancy		363	270	93
Local area support		100	100	-
<b>Total expenditure</b>		<b>1,158</b>	<b>1,145</b>	<b>13</b>
<b>Net expenditure</b>		<b>208</b>	<b>345</b>	<b>(137)</b>
<b>Contribution from reserves</b>		<b>(208)</b>	<b>(345)</b>	<b>137</b>
<b>Net position</b>		<b>-</b>	<b>-</b>	<b>-</b>

- 3.10. Since the half year position was declared to the Board, the forecast spend has increased by a minimal amount (£58K). The revised spend includes the increased support for the Lower Thames Crossing consultation work. However, the spend is still expected to be less than originally budgeted and there is a risk that this under spend will increase as the assumptions on staff recruitment have not been matched. Any under spend will be transferred to SELEP reserve and will be available for utilisation in future years.

SELEP General Reserve	
	£000
Opening balance	(444)
Forecast withdrawal from reserves	208
<b>Forecast closing balance</b>	<b>(236)</b>

#### **4. Financial Implications**

- 4.1. The ongoing uncertainty in funding is impacting budget and business planning for next and future years. There is a risk there will be delays to the work programme in the early part of financial year 2016/17 whilst SE LEP has to finalise or adjust its budget dependent on announcements from Government.
- 4.2. In previous years considerable interest receipts have been earned on the Growing Places Fund (GPF) balances held for drawdowns that haven't yet fallen due and projects that haven't completed. It is possible that this income stream will be required to meet the costs of a SEFUND Fund Manager in future and won't be available to support the general operating costs of the Secretariat; this will impact on the resources available to support individual projects on-going.
- 4.3. It should be noted that in other LEPs the interest earned on LGF balances is used to support the revenue costs of the programme, including the costs of the Independent Technical Evaluation (ITE) and programme management. However, as the SELEP LGF funds are transferred to partners as soon as Accountability Board approval has been made rather than on commencement of the project, the SELEP does not have this revenue stream to utilise.
- 4.4. Whilst it is prudent to hold a sufficient reserve to cover unexpected and exceptional costs, the reserve as it stands (£443,500) is at the top level of what would be considered necessary. In planning for next year's budget, the projected level of reserve should be considered and funds utilised where appropriate. The uncertainty of future funding streams should also form part of the analysis of what should be held. The Accountable Body will work with the Secretariat and will provide detail on the assessment of reserves as part of the April Finance Report.

#### **5. Legal Implications**

- 5.1. None at present.

#### **6. Staffing and other resource implications**

- 6.1. None

#### **7. Equality and Diversity implications**

- 7.1. None

#### **8. List of Appendices**

- 8.1. None

(available at [www.essex.gov.uk](http://www.essex.gov.uk) if not circulated with this report)

## 9. List of Background Papers

### 9.1. None

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

Role	Date
<b>Accountable Body sign off</b>  Lorna Norris  On behalf of Margaret Lee	3 February 2016



**AGENDA ITEM 5**

<b>Report to Accountability Board</b>	<b>Forward Plan reference number:</b> FP/AB/014
<b>Date of Accountability Board Meeting: 12 February 2016</b>	
<b>Title of report: Skills Equipment Fund Approval</b>	
<b>Report by:</b> Mike Rayner. Skills Lead	
<b>Enquiries to :</b> <a href="mailto:mike.rayner@kent.gov.uk">mike.rayner@kent.gov.uk</a>	

**1. Purpose of report**

- 1.1 The purpose of this paper is to present recommendations regarding the recent Skills Equipment bidding round to inform the board's decisions about whether or not to accept the applications for funding.

**2. Recommendations**

The Board is asked to:

- 2.1 Approve the recommendations from the Assessment Group for the allocation of £506,513 from the Skills Equipment Fund to the following projects:
- 2.1.1 Sussex Downs College, Specialist Equipment for STEM Centre, £74,913.
  - 2.1.2 North Kent College, Construction of a realistic vehicle servicing centre and related equipment, £141,850.
  - 2.1.3 Colchester Institute, Braintree Campus, Science lab equipment, £52,304.
  - 2.1.4 Plumpton College, Building refurbishment and agricultural engineering equipment, £88,474.
  - 2.1.5 South Essex College, Basildon, Science to support the Health Professions, £148,972.
- 2.2 Approve the recommendations from the Assessment Group of the allocation of up to £2,474,329 from the Skills Equipment Fund, subject to the project specific confirmations being sought:
- 2.2.1 East Kent College, Extension to construction centre and related equipment, up to £1,360,000, subject to the college providing clarification that it is unable to increase its contribution of match funding from the 8 percent currently offered;
  - 2.2.2 Harlow College, Digital Labs for the Construction, Health and Social Care and Science Sectors, up to £350,000, subject to the college confirming that none of the grant will be retrospectively applied against expenditure already incurred.
  - 2.2.3 Procat, Advanced Construction, Infrastructure and telecoms, up to £309,422, subject to the college confirming that all expenditure items meet the requirement for capitalisation.

- 2.2.4 South Essex College, Thurrock, Creating a Centre of Excellence for logistics, £27,407.36, subject to the college confirming that their premises do not need alterations to accommodate the equipment.
- 2.2.5 Hadlow College, Ashford Campus, Specialist Equipment Ashford phase 1a, £427,500, subject to the college confirming that all expenditure items meet the requirement for capitalisation and that the college has been recognised as an Apprenticeship Training Agency; this must be achieved in time for the grant to be defrayed by 31<sup>st</sup> March 2017.
- 2.3 Decline, on the recommendation of the Assessment Group, the following applications totalling £433,652, but approve the proposal to provide an opportunity for re-submission of these business cases, in advance of any further bidding rounds, due to the strength of their Skills Funding Agency (SFA) assessment, with final approval being sought from the Accountability Board if successful:
  - 2.3.1 MidKent College, Swale Skills Centre equipment, £198,500
  - 2.3.2 MidKent College, Health Science Laboratory, Medway, £235,062.
- 2.4 Decline, on the recommendation of the Assessment Group, the application of Writtle College totalling £264,558 for a Canine and Veterinary Therapy Unit (Phase 2)
- 2.5 Authorise us to seek permission from Government to ensure that any funding unspent as at 31<sup>st</sup> March 2017 remains ring-fenced to skills, either through re-profiling or the reissuing of a further funding round for 17/18.

### 3 **Background**

- 3.1 The South East Local Enterprise Partnership (SELEP) was awarded £22m for skills capital projects in 2015. This was divided into two separate funding options, £18m for capital building projects and £4m for equipment, and to date £17.646m of the building capital fund has already been allocated and approved and £702,364 was allocated in the first equipment round.
- 3.2 Two allocations were previously made to East Kent College for £1.186m and to Sussex Downs College of £46,720 from the first equipment funding round. Both colleges have declined to take up the funding allocated and therefore this was added to the available funds for round 3 leading to a total fund available of £4.884m.
- 3.3 SELEP initiated the third bidding process for the capital equipment grant in October 2015. Organisations eligible to bid for the grant were defined as further education colleges and approved training organisations within the SELEP area that are on the Register of Training Organisations and hold a direct contract with the Skills Funding Agency to deliver education and training.

- 3.4 Bidders were expected to provide 50% match funding of the total cost of the equipment. Where bidders were only able to provide a lower level of match funding, bids were required to be assessed as compelling (i.e. score greater than 85 out of 96 in the evaluation) in order to be put forward for funding.
- 3.5 Grant sizes were to be normally in the range of £50,000 to £500,000 unless a compelling case could be made (Score 85/96 or higher). Bids in excess of £150,000 required an additional financial assessment by the Skills Funding Agency to provide assurance with regard to their financial plan.
- 3.6 Bidding for capital equipment has now ended and the bids have been assessed in line with the agreed evaluation process by the Assessment Group; this group consisted of members from each Employment and Skills Board and the Skills Funding Agency (SFA).

### **Summary of findings (Full details in Appendix A)**

- 3.7 13 bids were received totalling £3,414,405.90. It was therefore possible to fund all the bids if they met the eligibility and quality criteria, within the funding envelope available under this round.
- 3.8 Of those 13 bids, 5 met the initial criteria as they fell below the £150,000 threshold and confirmed that 50% match funding was being provided. Accordingly they are put forward for approval as follows:
  - 3.8.1 Sussex Downs College, Specialist Equipment for STEM Centre, £74,913.
  - 3.8.2 North Kent College, Construction of a realistic vehicle servicing centre and related equipment, £141,850.
  - 3.8.3 Colchester Institute, Braintree Campus, Science lab equipment, £52,304.
  - 3.8.4 Plumpton College, Building refurbishment and agricultural engineering equipment, £88,474.
  - 3.8.5 South Essex College, Basildon, Science to support the Health Professions, £148,972.
- 3.9 A further 5 bids were received that were required to undertake further financial assessment as they were over the initial threshold, or that they require further confirmation from the projects on key aspects before funding can be confirmed. The SFA considerations are set out below in paragraph 3.15 – 3.16.
- 3.10 Those applying for funding greater than £150,000 have all been subject to an additional financial assessment, and have all presented an acceptable business case, scoring 48/96 or higher or a compelling case scoring 85/96 or higher and demonstrated a clear alignment with LEP priorities, and are therefore put forward within the recommendations for funding.

- 3.11 Neither Mid Kent College bids scored high enough to receive an allocation due to them submitting the wrong paperwork. They were given 24 hours to rectify this but were unable to do so to a high enough standard. The SFA assessment showed that they passed the gateway eligibility and financial assessments and they indicated that SELEP could allow them to resubmit their business cases, in order for them to access funding accordingly. As there are sufficient funds to cover these bids it is recommended that the SELEP agree to allow both MidKent College bids to be re submitted on the correct paperwork, in order that they may be formally assessed, and put forward for approval by the Accountability Board at a future date, should they meet the criteria.
- 3.12 The final bid from Writtle College failed to meet the criteria and therefore is not recommended for fund allocation within this round.
- 3.13 The process to evaluate the bids has been robust and in line with the Assurance Framework and advice from the SFA and that allocations are made in line with the agreed evaluation approach.
- 3.14 This round had a total fund of £4.884m as not all the funding has been allocated within the round of bids, a further round will be necessary to allocate the remaining £1.9m, subject to the resubmission and successful assessment and approval of both MidKent College bids. It is recommended that the same criteria and paperwork will be used in this further round, and applications will be required to have 50:50 match funding for any type of capital projects (equipment and refurbishment/modernisation) and allocations will remain in the range of £50,000 to £500,000 unless bidders can present a compelling business case.

### **Skills Funding Agency (SFA) Assessments of Successful Bids**

- 3.15 Due to the size of their bid East Kent College, MidKent College, Harlow College, PROCAT, Hadlow College and Writtle College had to submit financial plans for assessment to the SFA. While the two South Essex bids are below £150,000, together they total approximately £177,000.
- 3.16 A summary of the results of the SFA assessments is outlined below together with the suggested response from the LEP to the issues raised:
  - 3.16.1 East Kent College – The SFA has recommended that a lower grant is offered to that which the college has requested. The college has indicated that they are unable to change the application due to uncertainty of funding and support from the SFA unrelated to their BID. The SFA has recommended that the College prove it is unable to increase its match funding by undertaking modelling to demonstrate the maximum level of match that is deemed affordable (up to the required 50:50 match) based on the financial information submitted with the bid. If a higher level of match is achievable by the college then the grant allocated should be reduced accordingly.



Response – The college has met all the criteria and are eligible to receive the full amount of the grant. However, the responsibility should be placed on the college to demonstrate that it cannot afford a higher level of match funding, without risking delivery of the project.

- 3.16.2 Harlow College – The bid scored acceptably, however, a minor clarification is required regarding the nature of one item of expenditure for wifi infrastructure which appears to have already been incurred.

Response – If expenditure is confirmed as already having been incurred, it cannot be funded from the Skills Capital fund and the grant allocation should be reduced accordingly. However, this expenditure may be used as a contribution to the match funding as it occurred within the financial year 2015/16 towards the delivery of the project. The college's other contributors to their match funding will need to confirm approval of this approach.

- 3.16.3 Procat – The bid scored acceptably but some items in their application are not eligible for funding as they cannot be capitalised.

Response - £6,000 of the grant request is for 3D printer consumables, which cannot normally be capitalised. Subject to confirmation by the College, due to the 50:50 match criteria, the grant requested will be reduced by £3,000.

- 3.16.4 Hadlow College - The bid scored acceptably subject to a minor clarification regarding eligibility of some of the items listed as "other peripherals" and learner packages which cannot normally be capitalised. In addition, it is understood that the college intend to apply to become an Apprenticeship Training Agency to support delivery of their outcomes.

Response – It is recommended that the allocation of grant is subject to confirmation that all items can be capitalised otherwise grant will be reduced accordingly. In addition, it will be a requirement of their grant agreement to be recognised as an Apprenticeship Training Agency in time for the grant to be defrayed by 31<sup>st</sup> March 2017.

- 3.16.5 South Essex College – logistics - This bid achieved a score of acceptable in all categories.

Response – proceed with no further action.

- 3.16.6 South Essex College – science – this bid scored acceptably but is subject to a clarification that their premises do not require modification to accommodate the equipment requested.

Response – seek relevant clarification and award the amount if the response is satisfactory.

#### **4. Financial Implications**

- 4.1 SELEP has received a £11m allocation in 2015/16 of Skills Funding as part of the Local Growth Fund and a further £11m is expected to be allocated in 2016/17. Of this total overall amount, £17.12m has been previously allocated and accepted by colleges, leaving a remaining £4.88m to be allocated in the third bidding round.
- 4.2 A total of £2.98m is currently requested for approval in this report, some of which is subject to additional requirements being met. The remaining £1.90m of unallocated funding is planned to be made available through a further bidding round.
- 4.3 Grant approved as part of this report will be transferred to the respective college under a grant agreement from the Accountable Body; this agreement will ensure that the requirements for utilising the grant for new capital expenditure in line with the respective bids, and the match funding and other requirements are adhered to as appropriate.

#### **5 Legal Implications**

- 5.1 All approved allocations will be required to enter into a Grant Agreement with the Accountable Body, which contains the obligations for monitoring and reporting, which will allow for updates to be received going forward.

#### **6 Staffing and other resource implications**

- 6.1 Resources will be required to monitor the spend and the targets to be achieved as agreed with the bidders. This will be delivered within individuals current workloads.

#### **7 Equality and Diversity implications**

- 7.1 None

#### **8 List of Appendices**

- 8.1 Skills Equipment bids collated with recommendations

(available at [www.essex.gov.uk](http://www.essex.gov.uk) if not circulated with this report)

#### **9 List of Background Papers**

- 9.1 Full bid documents can be made available to board members confidentially and on request to the author.
- 9.2 Full Skills Funding Agency assessments of bids.

**(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>  Lorna Norris	  22 Jan. 16



## **Appendix A SE LEP Skills Equipment bids collated with recommendations**

### **Scoring Note:**

- Compelling – 85/96
- Acceptable – 48/96

### **Bids recommended for approval**

Organisation	Project	Items purchased/Buildings constructed or refurbished	Amount requested (£)	% of project	Score (/96)	Recommendation/Notes
Sussex Downs	Specialist Equipment for STEM Centre	STEM equipment	74,913.	50	58	Approve. No further action needed.
North Kent College	North Kent Dealership Centre	Construction of a realistic vehicle servicing centre and related equipment.	141,850.00	50	76	Approve. No further action needed.
Colchester Institute, Braintree Campus	Raising Essex STEM Skills to Higher Levels	Science lab equipment/Building refurbishment. Digital equipment to support vocational training. Upgrading of WIFI infrastructure.	52,304	50	92	Approve – no further action needed.
Plumpton College	Growing apprenticeship and skills training in engineering	Building refurbishment. Agricultural engineering equipment. Science lab equipment	88,474	48	54	Approve – no further action needed.
South Essex College, Basildon	Science to support the Health Professions	Equipment to support vocational training. Equipment to support vocational training.	148,972	50	78	Approve – no further action needed.
Total			506,513			

**Bids recommended for approval subject to clarification**

Organisation	Project	Items purchased/Buildings constructed or refurbished	Amount requested (£)	% of project	Score (/96)	Recommendation/Notes
East Kent College	Extension to construction facilities in Folkestone	Extension to construction centre and related equipment	1,360,000	92%	94	<p>Approve subject to negotiation with the college.</p> <p>Due to requesting more than 50% of project cost and more than £500,000 they needed to have a compelling business case. This business case was judged to be compelling.</p> <p>The SFA has recommended that we offer a lower grant than college has requested. The college has said that at the moment they are unable to change its application due to uncertainty of funding and support from the SFA. The SFA has recommended that the College prove it is unable to increase its match funding by modelling the effect on its finances of the project going forward at 50:50 match.</p>
Procat College	Advanced Construction, Infrastructure and telecomms	ICT and engineering equipment to support vocational training.	309,422	50	86	<p>Approve subject to adjusting allocation to take into account the fact that 3D printer consumables are not capital and cannot be funded. This will reduce the allocation by £3,000.</p>
Hadlow College	Specialist Equipment Ashford phase 1aScience to support the Health Professions	<p>Equipment for:</p> <ul style="list-style-type: none"> <li>• Engineering</li> <li>• Construction and Sustainable Construction</li> <li>• Motor Vehicle and Transport Equipment to support vocational</li> </ul>	427,500	45	56	<p>Approve subject to clarification. Two items requested are “Other peripherals” and “Learner packages.” Assurances will be sought that these items are capital. If this is not forthcoming the grant may be reduced by up to £90,000. Some of</p>

		training.				the outcomes appear dependent on the establishment of an Apprenticeship Training Agency, a means of sharing apprentices across companies. They have not yet applied for this status. If they are unsuccessful this may change the potential deliverables of the project and necessitate a re-application.
South Essex College, Thurrock	Creating a Centre of Excellence for logistics	Equipment to support vocational training.	27,407	50	76	Approve subject to clarification – normal minimum award is £50,000 but this bid scored strongly and funding is available to support it. Clarification is needed that their premises do not need alterations to accommodate the equipment. If none are required or there is no cost attached the allocation should be approved.
Harlow College	Digital Labs for the Construction, Health and Social Care and Science Sectors	ICT and engineering equipment to support vocational training.	350,000	50	92	Approve subject to clarification - the bid requests funding of £100,000 for works that appear to have been completed. This needs to be confirmed. If this is the case this figure will be deducted from the grant but may still be used as match funding as expenditure took place in the current financial year.
Total			2,474,329			

### **Bids recommended for refusal**

Organisation	Project	Items purchased/Buildings constructed or refurbished	Amount requested (£)	% of project	Score (/96)	Recommendation/Notes
MidKent College	Swale skills centre	Equipment to support: <ul style="list-style-type: none"> <li>• Science Lab</li> <li>• Motor Vehicle servicing</li> <li>• Welding and Fabrication</li> <li>• Plumbing</li> <li>• Electrical fitting</li> </ul>	198,500	50	12	The college should be given the opportunity to rework their business case as they passed the gateway assessment and we have sufficient funds to cover the request. Applications were submitted on incorrect paperwork. They were given 24 hours to rectify their mistake but were unable to do so successfully.
MidKent College	Health Science Laboratory, Medway	STEM equipment	235,062	50	0	The college should be given the opportunity to rework their business case as they passed the gateway assessment and we have sufficient funds to cover the request. Applications were submitted on incorrect paperwork. They were given 24 hours to rectify their mistake but were unable to do so successfully.
Writtle College	Canine and Veterinary Therapy Unit (Phase 2)	Canine hydrotherapy pool and related equipment	264,558	50	28	Refuse – scored too low.
Total			698,120			



**AGENDA ITEM 6**

<b>Report to Accountability Board</b>	<b>Forward Plan reference number:</b> N/A
<b>Date of Accountability Board Meeting: 12 February 2016</b> <b>Date of report:</b> 4 February 2016	
<b>Title of report:</b> Business Case Approvals, including Independent Technical Evaluation	
<b>Report by:</b> Adam Bryan, Interim Director	
<b>Enquiries to</b> <a href="mailto:adam.bryan@essex.gov.uk">adam.bryan@essex.gov.uk</a>	

**1. Purpose of report**

- 1.1 The purpose of this paper is to agree the business cases for schemes brought forward through the Independent Technical Evaluator (ITE) process to enable funding to be devolved to scheme sponsors (county and unitary councils) as part of our capital programme management.

**2. Recommendations**

2.1 The Board is asked to:

2.1.1 Approve the following schemes for funding which have been assessed as expecting to achieve high value for money with a medium to high certainty of achieving this:

- Folkestone Seafront (£5.0m)
- Southend and Rochford Joint Area Action Plan (JAAP) (Airport) (£3.2m)
- A28 Chart Road (10.2m)
- Maidstone Integrated Transport Package (£8.9m)
- Rathmore Road Link (£4.2m)
- Swallow Business Park (£1.4m)
- Middle Deal Transport Improvements (£0.8)
- Sovereign Harbour (£1.7m)

- 2.1.2 Note that the business case for Colchester Broadband Infrastructure has been reassessed through the full Independent Technical Evaluation process due to the significant change in the project's scope. The assessment concludes that this scheme still presents high value for money.

**3 Supporting Papers**

- 3.1 In support of this paper, appendices contain:

- Report of the Independent Technical Evaluator
- Maidstone Integrated Transport Package: change to project scope
- Colchester ITP Town Centre Package: change to project scope
- Southend JAAP Growth Point: Phase 1: For information

## **4 Background**

- 4.1 This report brings forward, for release of funding, projects that have successfully completed the Independent Technical Evaluation process, a condition of our Assurance Framework agreed with Government.

## **5 Financial Implications**

- 5.1 Approval can be provided to schemes in principle as they meet the requirements of the agreed SELEP Assurance Framework. However, funding is subject to confirmation from Government of future years' Local Growth Fund allocations.
- 5.2 It should be noted that some schemes are subject to re-profiling requested as part of the Capital Programme Monitoring report presented to the board alongside this paper.

## **6 Legal Implications**

- 6.1 None at present

## **7 Staffing and other resource implications**

- 7.1 None

## **8 Equality and Diversity implications**

- 8.1 None

## **9 List of Appendices**

- 9.1 Appendix 1: Report of Independent Technical Evaluator
- 9.2 Appendix 2: Maidstone Integrated Transport Project: change to project scope
- 9.3 Appendix 3: Colchester ITP Town Centre Package: change to project scope
- 9.4 Appendix 4: Southend JAAP Growth Point: Phase 1: For information

(available at [www.essex.gov.uk](http://www.essex.gov.uk) if not circulated with this report)

## 10 List of Background Papers

### 10.1 None

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

Role	Date
<b>Accountable Body sign off</b>  Lorna Norris  On behalf of Margaret Leigh	    3 February 2016







Independent Technical  
Evaluator – Growth Deal  
Business Case Assessment  
(Q4 2015/16 and Q1 2016/17  
Starting Projects)

Gate 2 Report  
February 2016

South East Local  
Enterprise Partnership

Our ref: 22790502

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# 1 Independent Technical Evaluation of Q4 2015/16 and Q1 2016/17 starting Growth Deal Schemes

## Overview

- 1.1 Steer Davies Gleave and SQW were appointed by the South East Local Enterprise Partnership in February 2015 as Independent Technical Evaluators. It is a requirement of Central Government that every Local Enterprise Partnership subjects its business cases and decision on investment to independent scrutiny.
- 1.2 This report is for the second gateway review ('Gate 2') of Full Business Cases for schemes which were allocated funding through the Growth Deal process during 2014/15 and are seeking funding in the fourth quarter (Q4) of 2015/16 to start in that quarter or in the first quarter (Q1) of 2016/17. Recommendations are made for funding approval on 12th February 2016 by the Accountability Board and the Section 151 Officer at Essex County Council as Accountable Body, in line with the South East Local Enterprise Partnership's own governance.

## Method

- 1.3 The Gate 2 review provide comment on the Full Business Cases submitted by scheme promoters, and to comment on the strength of business case and the value for money being provided by the scheme, as set out in the business case.
- 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 information to the South East Local Enterprise Partnership Board to make such decisions, based on independent, technical expert, clear, 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 Homes and Communities Agency's *The Additionality Guide*. Both The Green Book, WebTAG and The Additionality Guide 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.
- 1.7 Individual criteria were assessed and the given a 'RAG' (Red – Amber – Green) rating, with a summary rating for each case. 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.

<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)

1.8 The five cases of a government business case are, typically:

- **Strategic Case:** 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 Case:** 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 Case:** demonstration of how the preferred option will result in a viable procurement and well-structured deal, including contractual terms and risk transfer.
- **Financial Case:** 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 Case:** 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 cases, 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 between December 2015 and February 2016.

## 2 Evaluation Results

### Gate 2 Results

- 2.1 Table 1.1 below provides the results of our independent and technical evaluation of each scheme seeking funding approval on 12th February 2016 by the South East Local Enterprise Partnership Accountability Board. It includes both our interim assessment ('Gate 1 Assessment') of each Outline Business Case and the subsequent final assessment of the Full Business Case ('Gate 2 Assessment'). More detailed feedback has been issued to each scheme promoter and the secretariat of the South East Local Enterprise Partnership using a standard transport and non-transport assessment pro forma.

### Summary Findings and Considerations for the Board

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

#### Business Case Development

- 2.3 The **strategic case** continues to be well made, but we would ask scheme promoters to give greater consideration of alternative options and a stronger rationale for dismissing certain options related to the objectives of the scheme.
- 2.4 For the majority of schemes, some form of recognised and proportionate **economic appraisal** has taken place, typically supported by consultants. For non-transport schemes or schemes being brought forward by non-local government partners, scheme promoters have found this a greater challenge, and initial discussions with scheme promoters who are at the early stages of this process demonstrates significant knowledge gaps which could jeopardize successful scheme development and delivery.
- 2.5 The **management case** is often lacking a full benefits realisation plan and more consideration should be given to monitoring and evaluation plans.

#### Recommendations

The following schemes achieve high value for money and medium to high certainty of achieving this:

- Folkestone Seafront (£5.0m)
- Southend and Rochford Joint Area Action Plan (Airport) (£3.2m)
- A28 Chart Road (£10.2m)
- Maidstone Integrated Transport Package (£8.9m)
- Rathmore Road Link (£4.2m)
- Swallow Business Park (£1.4m)
- Middle Deal Transport Improvements (£0.8m)
- Sovereign Harbour (£1.7m)

Table 2.1: Gate 1 Assessment of Growth Deal Schemes seeking Approval for Funding for Q4 2015/16

Scheme Name	Local Growth Fund Allocation (£m)	Benefit to Cost Ratio ('x' to 1)	Strategic Case Summary	Economic Case Summary	Commercial Case Summary	Financial Case Summary	Management Case Summary	Assurance of Value for Money		
								Reasonableness of Analysis	Robustness of Analysis	Uncertainty
Folkestone Seafront	5.1	GATE 1: 61	Amber	Amber	Red	Red	Red	A reasonable business case, but lacking clarity in several areas.	More evidence of deliverability and affordability required.	More auditability required in economic case.
		GATE 2: 64	Green/Amber	Green/Amber	Green	Green/Amber	Green/Amber	Reasonable and proportionate method followed.	Robust analysis performed.	The analysis gives a good degree of certainty.
Southend and Rochford Joint Area Action Plan (Airport)	3.2	GATE 1: 117	Amber	Red	Amber	Green	Red	Reasonable methodology with a need for improved economic and management cases.	Robust analysis with a few improvements required in the management case	Inaccuracies within the economic case.
		GATE 2: 117	Amber	Green/Amber	Green	Green	Green/Amber	Reasonable and proportionate methodology has been carried out.	Robust analysis throughout.	The analysis gives a good degree of certainty.
A28 Chart Road	10.2	GATE 1: 2.86	Amber	Amber	Amber	Amber	Green	Reasonable methodology with a need for a more extensive strategic case.	There is some confusion over the financial case	A few inaccuracies within the economic case.
		GATE 2: 2.86	Green	Green	Green	Amber	Green	A reasonable business case, with a transparent appraisal modelling.	Accurate methodology carried out.	Clarification of the economic case was provided. The analysis is reliable.
Maidstone Integrated Transport Package	1.3	GATE 1: 3.97	Amber	Amber	Green / Amber	Green / Amber	Green/Amber	Reasonable and proportionate method followed though.	Some inaccuracies in the economic case	The analysis gives a good degree of certainty.
		GATE 2: 3.97	Green	Green	Green / Amber	Green / Amber	Green	Reasonable and proportionate method followed though.	Robust analysis performed.	The analysis gives a good degree of certainty.

Scheme Name	Local Growth Fund Allocation (£m)	Benefit to Cost Ratio ('x' to 1)	Strategic Case Summary	Economic Case Summary	Commercial Case Summary	Financial Case Summary	Management Case Summary	Assurance of Value for Money		
								Reasonableness of Analysis	Robustness of Analysis	Uncertainty
Rathmore Road Link	4.2	GATE 1: 2.2	Amber	Amber	Green	Green	Green	Generally reasonable but more clarity is required in the economic case.	There are inaccuracies in the economic and strategic case	The analysis gives a good degree of certainty.
		GATE 2: 2.2	Green	Green	Green	Green	Green	Reasonable and proportionate analysis has been carried out.	Robust analysis, although improvements required in the economic case.	The analysis gives a good degree of certainty.
Swallow Business Park	1.4	GATE 1: 27.5	Green	Green	Green	Green	Green	A sensible and proportionate methodology has been applied.	Robust analysis although improvements required in the strategic and management case..	Reliable analysis has been carried out.
		GATE 2: 27.5	Green	Green	Green	Green	Green	A sensible and proportionate methodology has been applied.	Robust analysis although improvements required in the strategic and management case..	Reliable analysis has been carried out.
Middle Deal Transport Improvements	0.8	GATE 1: N/A	Amber	Amber	Amber	Amber	Amber	Sensible and proportionate methodology.	Inaccuracies in the HCA methodology employed.	Management case does not sufficiently demonstrate the deliverability of the scheme.
		GATE 2: 12.3	Green	Amber	Green	Green	Green	Sensible and proportionate methodology.	Robust analysis has been carried out to support the case with all issues clarified	There is adequate certainty about the value for money and strategic need for this scheme.

Scheme Name	Local Growth Fund Allocation (£m)	Benefit to Cost Ratio ('x' to 1)	Strategic Case Summary	Economic Case Summary	Commercial Case Summary	Financial Case Summary	Management Case Summary	Assurance of Value for Money		
								Reasonableness of Analysis	Robustness of Analysis	Uncertainty
Sovereign Harbour	1.7	GATE 1: 83:1, 32:1 and 21:1	Green	Amber	Green	Red	Amber	Some inaccuracies in the methodology	Quantitative analysis is required to make a robust case.	Some analysis still required to reduce uncertainty.
		GATE 2: 83:1, 32:1 and 21:1	Green	Green	Green	Green	Green	Reasonable and proportionate analysis has been carried out.	Robust analysis has been carried out to support the case.	Low levels of uncertainty in the business case

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## **1. Background**

- 1.1. The Growth Deal allocated £8.9 million LGF to the delivery of Maidstone Integrated Transport Package.
- 1.2. The original bid document defined the scope of this project as the delivery of new and expanded Park and Ride sites in Maidstone (Linton Road Park and Ride and M20 Junction 7 Sittingbourne Road Park and Ride).
- 1.3. Subsequent to the bid submission and in light of developments with Maidstone Local Plan, the construction and operation of Park and Ride sites is not supported locally.
- 1.4. As of 8<sup>th</sup> February 2016, the Sittingbourne Road Park and Ride site has ceased to operate.
- 1.5. An alternative package of transport schemes has been identified to enable housing delivery in Maidstone.
- 1.6. The revised scope of the Maidstone Integrated Transport Package has been agreed with Maidstone Borough Council and has been approved by Maidstone Joint Transportation Board.

## **2. Variation to Scheme**

- 2.1. A Transport Business Case has been developed and assessed by the SELEP Independent Technical Evaluator, which sets out the benefits of delivering a number of alternative priority schemes which have been agreed at the local federated level.
- 2.2. The Business Case seeks approval for LGF spend on the measures set out in Appendix A.
- 2.3. The schemes identified are predominately traffic schemes that are located at congestion hotspots and will aim to improve journey time reliability.
- 2.4. The Maidstone Integrated Transport Package benefits will remain consistent with those defined in the original bid document. These include the delivery of transport infrastructure that is required to tackle congestion and which forms part of the interventions necessary to support the delivery of the significant housing and employment growth proposed by the emerging Maidstone Local Plan.
- 2.5. These schemes are complemented by Section 278 developer funded/delivered improvements which are linked to local development works.

### 3. Financial Implications

3.1. The LGF spend profile will remain as previously agreed and as shown below:

2016/17	2017/18	2018/19	2019/2020
£1.3m	£2.0m	£2.0m	£3.6m

3.2. A local developer contribution of £2.954m has been identified for spend in 2016/17.

3.3. The revised total project cost estimate is £11.854m.

3.4. If additional local funding contributions are identified, the scope of the project and total project cost estimate will increase accordingly.

### 4 Legal Implications

4.1 None

### 5 Background – Revised Scheme

#### 5.1 A20/M20 Junction 5 Junction Improvements

This scheme involves the partial signalisation of the existing roundabout. This new arrangement will be supported by localised widening on the M20 slip roads and circulatory carriageway to achieve additional queuing capacity. A dedicated left turn lane will also be provided on the A20 to facilitate continuous traffic movement onto the M20 westbound on-slip, thereby removing an element of traffic from the circulatory part of the junction. Capacity modelling has indicated that the proposals will achieve a 20% improvement on the most congested junction arm, the M20 eastbound off-slip.

#### A229/A274 Wheatsheaf Junction Improvements

This junction is currently the subject of a County Council proposal to close the Cranborne Avenue arm to enable the traffic signals to devote additional green time to the A229 and A274. The proposal is to include this closure in a more comprehensive upgrade that will widen the northbound A229 approach to the traffic signals. This will provide capacity benefits by enabling vehicles to queue in two lanes over a much longer distance. Importantly, this scheme does not compromise the retention of the existing pedestrian crossing facilities. Initial indications suggest that an overall improvement of 12-17% in capacity could be achieved through these proposals.

#### A20/Willington Street Junction Improvements

The proposal is to widen the westbound A20 approach in order to create two lanes for queuing traffic. The lanes will be individually allocated to the left turn into Willington Street and the straight ahead movement along the A20, thereby enabling a greater volume of traffic to move through each cycle of the traffic signals. Initial indications suggest that an overall improvement of around 10% in capacity could be achieved through these proposals.

#### A274/Willington Street and A274/Wallis Avenue Junction Improvements

The proposal is to utilise the verge on the southern side of the A274 to widen the carriageway. This will accommodate an additional lane for westbound traffic on the A274 on the approaches to both the Willington Street and Wallis Avenue junctions, with a merge arrangement provided to the west of Wallis Avenue as the road reverts to single carriageway. It will also enable an additional lane to be provided for eastbound traffic on the section of the A274 between the Willington Street and Wallis Avenue junctions. The improvements will provide additional queuing capacity in both directions and enable a greater volume of traffic to move through each cycle of the traffic signals. Initial indications suggest that an overall improvement of around 13% in capacity could be achieved through these proposals.

#### **A20/Hermitage Lane Road Widening**

The proposal is to widen the westbound A20 approach to the junction to achieve four lanes for queuing traffic. The widening will then continue westwards up to the Mills Road junction to provide three continuous lanes. This will increase the capacity of both junctions and reduce the potential for queuing that blocks back from one junction to another. The improvements involve the removal of the existing section of bus lane, which currently provides a marginal benefit to bus journey times. This loss will be compensated by the removal of the bus layby further to the west, as the new on-carriageway stopping arrangement will alleviate the difficulties bus drivers currently experience in trying to pull out into moving traffic.



<b>Appendix: NGA Broadband (Fibre)</b>
<b>Report by:</b> Johnathon Cuthbertson. <a href="mailto:John.cuthbertson@essex.gov.uk">John.cuthbertson@essex.gov.uk</a> 03301 136706

## **1. Purpose of report**

1.1 The purpose of this paper is:

- 1.1.1 To provide an update on the progress to delivery of the Local Growth Funded Colchester NGA Broadband Project.
- 1.1.2 To seek approval from the board for the revised project proposals.
- 1.1.3 To outline the revised timetable for project delivery.

## **2. Recommendations**

2.1 The Board is asked:

- 2.1.1 To approve the revised proposals including proposed costings, CBC SELEP award and match-funding allocations including s106 investment and the delivery milestones and programme for the rescope Project to deliver Next Generation Access by the installation of a passive fibre optic infrastructure to an initial four key business clusters including the Town Centre to support enterprise competitiveness, inward investment and growth.
- 2.1.2 To note that the release of £141,764 of s106 funds for economic development purposes by CBC will be allocated to provide the match-funding indicated as spend on the Project.
- 2.1.3 To note the financial assumptions as set out in the report below.

## **3. Background**

- 3.1 CBC was allocated £200,000 from the Local Growth Fund (managed by the Government Department, BIS and subject to due diligence process) to deliver a project addressing “market failures” in the delivery of superfast broadband (24 Mbps and above) at a competitive price to business park occupiers. CBC aimed to commence the Project in Q2, 2015. However, considerable delays in receiving the funds meant that roll-out of superfast connectivity had already taken place in many of the identified areas of market need and this has had an adverse impact on the viability of the project for both the Council and its partner County Broadband. By mutual agreement, County Broadband withdrew from the original project.
- 3.2 Colchester Borough Council remains strongly committed to delivering high quality high speed connectivity to businesses in the Borough and has therefore reviewed the project and re-scoped it accordingly to focus on the following criteria: (a) areas of continuing/unmet connectivity need, (b) technological viability, (c) future-proofing of technology and the customer base, and (d) commercial returns.

- 3.3 The revised approach adopted by Colchester Borough is to co-invest (through the use of s106 monies) to support the delivery of “business class” (resilient, 24/7 access) symmetrical up-to gigabit connectivity delivered by fibre to four business clusters to correct for the above market failures, supporting business and job growth and creating a more competitive marketplace for broadband services. The Project will be aimed at SMEs, and will deliver Next Generation Access (NGA) fibre optic connectivity (up to symmetrical 1Gbps) to four key business clusters within Colchester accommodating more than 865 registered businesses with more than 20,000 employees in total (ONS IDBR, 2013). The service will be symmetrical – offering equivalent upload and download speeds – and will also provide “bundled” VoIP services which will allow businesses to retain existing numbers while moving to a lower cost service. The project will put in place the connectivity required for future mobile telephony networks (5G, 2018-20), reinforce the existing town-centre CCTV network, thereby improving public safety, and make Colchester a leading town in the provision of affordable, ultra-fast connectivity to business.
- 3.4 The revised project addresses business needs for reliable, ultra-high speed and symmetric broadband connectivity which is not available from BT’s FTTC programme (branded as “Superfast Essex” in Greater Essex) and which will be more competitive than the ultra-high-speed (leased line, private circuit) offering from BT and Virgin Media. This will reduce business overhead costs for uncontended very high bandwidth services required by current and emerging enterprise needs and for telephony services. The Project will deliver a world-class broadband offering - resilient broadband speeds, enhanced coverage, and introduce future-proofed connectivity technologies. Importantly the project will now deliver ultra-high speed broadband access to the Creative Business Centre in St Botolph’s, a jointly funded initiative between CBC and ECC which seeks to incubate and grow creative and digital businesses – a key sector of growth for both authorities in their Growth Strategies. The proposal will be used to keep pressure on existing operators to invest to bring world class solutions to Colchester, rather than selectively investing to protect legacy products like private circuits.
- 3.5 The Project addresses acknowledged “market failures” in the provision of fibre-to-the-business/premises connectivity in city centres (BT, Director of Wales, evidence to the Public Accounts Committee, Welsh Assembly, November 2015) , has a strong fit with key Council development priorities, is based on a hybrid connectivity approach delivering hitherto inaccessible symmetrical gigabit connectivity and has a tight footprint focused on key business/commerce clusters, initially in the town centre.
- 3.6 The initial roll-out of the Project will be focused on the Creative Business Centre, a new venue for the creative and digital industries in Colchester (due to open in September 2016), the town centre and the Middleborough cluster of business and administrative offices. The ultrafast connectivity provided to the Creative Business Centre will be the key driver of the Project. The advent of the Centre with its estimated (first-year) client base of 125 businesses will provide an immediate opportunity to replicate fibre projects unrolled elsewhere (most notably at the Perseverance Works in Shoreditch, London), in a cost-effective way with a minimum of disturbance costs. The Council-owned CCTV ducting will be used as the primary asset to deliver a fibre to the premises (FTTP) solution. BT Openreach has refused to provide FTTP connectivity to the Creative Business Centre, but without stating its reasons. Organic growth plus further work centred in 2016-17 on the Colchester Northern Gateway will extend the reach of this FTTP solution to other emerging, major business clusters. It is expected that CBC’s operating partners, to be selected

by competitive Tender in February 2016, will finance or co-finance this expansion as part of their business plan.

- 3.7 The target installation is for the core fibre ring linking the St Botolph's Quarter, the town centre, Middleborough and Rowan House to be in place and operational by the end of March 2016. The backhaul to the Internet Service Provider, and all rack/router equipment, will be located in the server room already designated in the Creative Business Centre, which will ensure the Council's chosen operator has 24/7 secure access. Connectivity will be actively marketed to ensure rapid initial take-up of paying customers during the roll-out phase, as well as year 1-2 operations. Comparable schemes in London and Coventry have delivered 100+ subscribing businesses within the first 12-18 months, and resilient income streams in excess of £80k per year, which are split between the operator and the owner of the passive infrastructure (i.e. the Council) on a revenue-sharing basis. In the longer-term, the network will provide multiple future commercial development opportunities, including expansion and upgrading of the existing town centre WiFi network to enable its monetisation, the roll-out of 5G in 2018-20, and a fundamental upgrading of the Council's CCTV network. The fibre infrastructure will position Colchester as a front-runner in the evolution to "Smart City" innovative solutions for the provision of other public services, including waste and recycling.
- 3.8 It is proposed that all new planning permissions for further phases, such as Northern Gateway, include the need to provision communication duct ready for multiple operators to then be owned and maintained by the Council in the way footpaths are maintained by Essex County Council, however the Northern Gateway forms part of a phase 2 of the project and will require a new funding opportunity although the ability to move on to a further phase of work will form part of the RFI process to be carried out with potential network operators. No planning permissions are required for Phase 1 of the project utilising the existing ductwork.

### Project Rationale

- 3.9 The Project addresses what is a "live" issue very much on the wider agenda of Government and policymakers. The Ofcom Infrastructure Report 2014 (Section 4) considers the issue of SME connectivity although it is noted that there is current work to assess the current levels of availability, choice and quality of communications services for SMEs. This Project considers from other public sources (including Public Accounts Committee reports on Superfast Broadband, submissions to that Committee by INCA, and more recently submissions to the current Culture, Media and Sport Inquiry into World-class connectivity by the Federation of Small Business. The Federation and many more point to the need for competition and innovation.
- 3.10 Re quality of service from current provision: 'Recent research conducted by Jigsaw for Ofcom...found that satisfaction with internet services [by SMEs] was lower than for landline and mobile voice services. Speed and reliability were the most frequently given reasons for dissatisfaction. In particular, satisfaction with DSL broadband – which is used by two-thirds of SMEs – was significantly lower than with other services. SMEs said that their growth had been hampered by lack of suitable communications services (15%) reported higher than average dissatisfaction with ADSL. A minority of SMEs (11%) believed their business would benefit from communication services not currently available. Faster/fibre broadband was the service most likely to be mentioned'. A Centre for Cities report (January 2016) reported that Colchester ranks 57<sup>th</sup> for broadband speeds among 63 towns and cities

benchmarked, underscoring the economic prerogative for transformative change in this sector in the Borough.

- 3.11 In terms of latent demand around quality and pricing competitiveness from the current proposed Project, the Ofcom Report confirms that: 'Some SMEs, such as those that offer Internet-based services, are likely to have higher resilience and/or bandwidth requirements. They would therefore be likely to require a service tailored to business needs, which provides better performance and has higher service levels than services which are typically taken by residential consumers. The majority of SMEs buy business broadband services rather than using residential products (77% for landlines, 74% for internet services and 50% of mobile phone services)'.
- 3.12 Further evidence of latent and explicit demand for the Project can be found in The Federation of Small Business report of July 2014 looking into broadband provision and access for business in the UK. This report noted that:
  - 3.12.1 14% of small businesses consider lack of reliable and fast broadband connectivity to be their main barrier to growth; and
  - 3.12.2 Only 15% of small firms say they are very satisfied with their broadband provision, while 25% say they are fairly or very dissatisfied. This is particularly pertinent to Colchester, given the very high proportion (90%+) of the working population employed in SMEs.
- 3.13 Early results from the Essex Business Survey 2014 highlight the importance of being 'In a good broadband/fibre optic area' to business location decisions: 83.4% of businesses reported this as an important requirement, rivalling good mobile phone coverage, transport links and parking as the highest scoring replies.
- 3.14 The Project is needed now because the Borough is at an important moment in its housing-driven growth which is generating an increasing mis-match between the growth of the working-age population and the number and quality of available jobs. Colchester's role as a key creative/digital industry hub is recognised by SELEP, the Economic Plan for Essex, and the Council's own Economic Growth Strategy. A major driver of this growing sector which has considerable digitalisation potential for other industry sectors is access to significant broadband capacity. Development of ultra-fast connectivity is a cornerstone of the Borough's economic development strategy over the next five years, and will support existing employers in the digital, creative and software sectors, as well as encourage relocation of companies requiring business-class connectivity at affordable prices. The Project provides a solution that currently remains unavailable to many of these companies, most of them SMEs, due to cost considerations.
- 3.15 The Project offers a viable 'open access' model boosted greatly by CBC ownership of the Town Centre ducting, meaning a fibre to the premises (FTTP) solution can quickly be offered to SMEs, Council-owned facilities and other key locations, including the Colchester Institute and Sixth-Form College. This connectivity is likely to be offered at a competitive rate, but costs will be modelled using a full replacement cost to avoid any possible challenges. The State Aid and legal aspects of the project have received thorough examination (including by external, sector-specific Counsel), and we believe there is minimal likelihood of challenge from BT or Virgin Media, given that they will be offered access to the Council-owned passive infrastructure on an equivalent basis to all other potential operators.



## Market Demand, Stakeholder Engagement and Scheme Viability

- 3.16 Discussions have been held with a wide range of consultants, businesses, relevant political partners and others to confirm the latent demand for the Project. Targeted pre-marketing has indicated that initial take-up by businesses within the geographical reach of Phase One roll-out will be solid. Mapping of Virgin Media Business services reveals that, while their network is growing, it is still reliant on delivering symmetrical ultra-high-speed connectivity to town centre businesses using leased lines. Moreover, VMB's pricing structures are likely to continue mirroring those set by the dominance of BT Open reach in the business connectivity market.
- 3.17 Consultations over the previous iteration of the NGA broadband project, especially with key business organisations including the Chamber of Commerce, Federation of Small Businesses and the Institute of Directors, indicated full support for a project aimed at delivering better connectivity. Feedback from their members indicates continuing frustration with the current provision in terms of cost and upload/download speeds. A presentation in February 2015 by the Council to major businesses on new investment in the Borough cited the SELEP funding of business broadband as being a positive and welcome intervention.
- 3.18 In terms of Next Generation Access Broadband coverage and services for business clusters in Colchester, the website SamKnows was used to assess the overall position in terms of service provision through exchange mapping of the relevant postcodes. Together with sampled business opinion in key business clusters, it became evident from BT's commercial roll-out of NGA broadband that cabinets was not being enabled for the Fibre to the Cabinet (FTTC) solutions in business parks, not only in Colchester Borough but across the UK. This was also recognised by INCA, the network of independent communications providers. However, the roll-out was significantly expedited during 2014 and the first half of 2015 following sustained political pressure from both local and central government. This has required the reworking of our initial business case to refocus it on future-proofed fibre-to-the-business/premises technology, which remains prohibitively expensive for the majority of SMEs and is not made available by the current BT FTTC programme.
- 3.19 The cable operator, Virgin Media, markets its 'business class' solution to SMEs but take-up remains low as it is expensive (a symmetrical 1Gbps leased line costs in the region of £650-850 per month, sometimes in addition to significant installation charges. ). Secondly, we are informed that VM have no plans to extend their current coverage "footprint", for example to new business park/cluster locations or to underserved or unserved current locations nor to new residential areas since their market share would then be liable to lead the Competition Commission and/or Ofcom, the Regulator, to consider splitting the business into two: infrastructure and retail. This re scoped project will have further phases of expansion into areas of underserved connectivity need, subject to future funding.
- 3.20 **Relationship to the BDUK "superfast" programme:** The BDUK Programme - which has BT as its only supplier and Fibre to the Cabinet as its only technology - is covered by its own State Aid arrangements. As the CBC Project is not part of this Programme and, indeed, is designed to overcome its deficiencies –, the Project must be measured by its own fit with general State Aid requirements. The Project is consonant with the need to deliver sufficient, ultrafast superfast, broadband services to meet demand, and it has been developed with full cognisance of the potential State Aid issues identified by external legal Counsel during the work-up of the initial fixed

wireless broadband-based project and its remodelling to the current fibre-based project.

- 3.21 **Future broadband trends and their impact on the Project:** In the next five years it is unlikely that the major operators will significantly alter the persistently high costs of leased lines which deliver “business class” broadband. However, it is the case that better broadband will become available for businesses everywhere over time in terms of some upgrading of base speed and price but the distinction between increasingly faster and dedicated business solutions bundling increased access to other Information and Communication Technologies (such as VoIP, Cloud computing, etc.) will be used to maintain the valuable leased line market for BT and Virgin Media and other operators. In this respect, the gap between the residential offer and the “business class” offer appears likely to remain and even widen as enterprise requirements for ICT applications continue to accelerate. This creates an ideal commercial opportunity for the Council to invest in future-proofed technology to offer viable alternative solutions to SMEs.
- 3.22 The emergence of 5G and increased capacity mobile communications (macro cells and WiFi) will depend on ensuring future-proofed fibre broadband networks are in place in time to provide alternative solutions.
- 3.23 **Colchester Borough Council Digital Strategy and actions:** CBC has been seeking to deliver against its Digital Strategy for the Borough which was developed in 2010. The Strategy addresses economic, community and social needs from an enhanced digital infrastructure for the urban third and rural two-thirds of the Council's area. To date, the following has been achieved:
- 3.23.1 The Strategy and discussions with BT led to the enablement of four exchanges in addition to the one announced, enhancing coverage from the residential FTTC service.
  - 3.23.2 Town Centre WiFi in partnership with Arqiva went live in December 2014 through the Council's concession of sites, providing 4G services to residents, visitors and business users with 24/7 access to three websites, including Jobcentre Plus.
  - 3.23.3 A lease by the Council has been conceded to County Broadband Ltd to cover underserved urban businesses and premises in the Town Centre and to form part of a wider coverage network.
  - 3.23.4 Market investigation with two fibre providers has identified potential projects in the urban area but which cannot meet the business case of the providers.
  - 3.23.5 Liaison with local businesses and external consultants, including connectivity providers, in relation to the Superfast Essex project (BDUK) has established the clear need for the current Project and the above interventions.

### Conclusion and key changes from the previous submission

- 3.24 In conclusion, the reworked Project is an important initiative in a range of local, alternative approaches across the UK which is seeking to future-proof the broadband delivery marketplace and in particular offer ultra-high speed connectivity to support business growth, particularly in identified key growth sectors such as digital, creative and financial services. The strengths of this reworked project are:
- 3.24.1 A sharper focus on areas of Colchester and market segments with monetisable connectivity needs. While roll-out begins in the town centre, this is a scalable solution that the Council envisages as having a much larger geographical reach within 2-3 years.

- 3.24.2 Pinpointed co-investment between the Council and market providers offering far greater value for money in impact and outcomes. The Council will expect any successful tenderer bidding for operation of the fibre optic network to provide a 50% cost match towards hardware, set-up and operational costs of the segment(s) they operate; CBC income will be derived from a revenue share and ROI from leasing of Council-owned CCTV ducting.
- 3.24.3 The network will be future-proofed and will allow operators to offer multiple connectivity solutions, including fixed WiFi, fibre optic connections to the premises (FTTP) and Ethernet to the first mile.
- 3.24.4 We mitigate State Aid risks by ensuring that no bidding operator will be allowed to contract use of the network/segments of the network on an exclusive basis.
- 3.24.5 The operator(s) will be tasked with providing a 'business class' connectivity solution with guaranteed 24/7 resilience.
- 3.24.6 The Project offers a market-disruptive solution through an affordable and competitive offer which will be heavily marketed to current and future SME subscribers.
- 3.24.7 The 'passive infrastructure model' used in this Project has been very successfully deployed in Sweden by the municipal fibre operator, Stokab. The experience of this company, which now provides FTTP connectivity to 100% of businesses in Sweden, has been carefully studied during the preparation of the Business Case.

#### **4. Financial Implications**

- 4.1 The costs of implementing the Project have been based on CBC's consultant's expertise of the market and his proven track record of achievement in rolling out comparable projects. These costs will be held to wider market scrutiny by the Council since State Aid advice requires that no subsidy – even indirect - is conferred upon the commercial partners.
- 4.2 As per the previous award of funding for the project ECC, as the accountable body currently holding £200,000 of funding for this project, will be the conduit to transmit these funds from SELEP to the Project.
- 4.3 ECC have received a ring-fenced capital grant from SELEP for £200,000. ECC will enter into a grant agreement with CBC on terms which mirror arrangements with SELEP. Payment of the grant to CBC will only be made upon: (i) execution of a grant agreement with CBC approved by the respective ECC and CBC s151 officers; and (ii) confirmation by CBC of compliance with State Aid rules.
- 4.4 In line with the SELEP grant conditions the terms and conditions of the grant agreement will not include a clause to clawback the funding awarded.

#### **Supporting information**

- 4.5 NGA Broadband (Fibre) project forms part of the Borough-wide Digital Strategy and that a % of income generated will be prioritised through the Council's Revolving Investment Fund towards a future extension of the project to extend community connectivity.
- 4.6 Consequently, the engagement of Council funds in this instance must now, irrespective of the wider socio-economic benefits for the Borough and other Council projects, demonstrate where possible some income generation for the Authority. It has also always been the case that where s106 funding has been engaged by the

Council in relation to a commercially-managed service or partner, that a level of return has been sought by Planning colleagues responsible for administering these funds.

- 4.7 The revenue return for the Council is designed to support further expansion of business broadband coverage through an aspirational, Phase 2, coverage project including Colchester Northern Gateway
- 4.8 At tender stage, due diligence will be exercised in scrutinising the capability of the chosen operator to manage this level of capital investment. Adequate attention will be paid to thorough credit worthiness assessment.

#### Allocation of funding between Project partners

- 4.9 The following financial modelling has been developed in the light of specific State Aid advice. The costs include a small amount of revenue directly associated with the delivery of capital investment on the Council's side (Council time and costs in securing planning permissions, commissioning of any specialist third parties to negotiate wayleaves as well as capital costs - surveys, civil engineering, and acquisition of ducting and any other required hardware and equipment). These costs fully reflect total capital investment by the Council (including associated revenue - of which an element is a permitted contribution by the *de minimis* rules) to deliver the Project and also be EU State Aid-compliant.

Funding contribution	Amount
CBC (capital release)	£141,764
CBC (associated revenue costs) (LEP grant)	£118,235
LEP funding (de minimis, associated revenue costs) (LEP grant)	£81,765
<i>Sub-total</i>	<i>£341,764</i>
Network operator (match-funding on deployment, set-up, acquisition of active hardware and operational costs, stipulated in tender & contract)	£187,018
<b>Total</b>	<b>£528,782</b>

- 4.10 The illustrative figures in the spreadsheet on the following page indicate a ROI of 9-11% within 8-9 years, based on a return on leasing of the Council's ducting by the network operator(s) and a 30-50% share of revenues from subscribing customers. This is the median share for comparable project, and the Council believes this income stream to be resilient.
- 4.11 The value of the Council-owned duct is declared and a yearly return is generated from leasing it to the network operator(s). This is commercial use of an existing asset that currently has no recorded value.
- 4.12 This asset will be readied by spending £600 per customer for the first 200 customers on the first network segment (Creative Business Centre, St Botolph's Quarter, Town Centre and Middleborough). This spend can be reduced to £400, but the initial segment must prove the viability of the model, resilience of returns, and establish a public perception of reliability and value-for-money, before further network segments can be created. Depreciation and maintenance costs relating to the ducting have been added.
- 4.13 The network rollout is envisaged in planned units of 'passive extensions' costed at £70,000, adding to the initial build to support the Creative Business Centre. The singular focus on building passives and seeking a return on this investment in

partnership with one of more partners will permit CBC to build and provision for the Creative Business Centre and then extend the network as customers are ready to commit and the revenue model is proven.

- 4.14 The annual retail broadband revenue for basic connectivity would be £75,000 per year. The wholesale revenue would be £45,000 and the Council would expect a passive partner share of £22,500 in the first year of operation. Out of prudence, we value the duct at £70 per meter depreciated over 40 year, while seeking a c. 8% annual return on the leased duct for costing purposes.
- 4.15 Active elements and backhaul costs will be covered by the operator(s); the Council will not become involved in these. There is the potential, as the network expands, to include additional revenues arising from value added services, including rack rental, additional accommodation for network passives, street furniture etc. These cannot be quantified at this stage.
- 4.16 The roll-out of the second segment would be launched as soon as the financial viability of the first segment, its technical reliability and the attractiveness of it as a connectivity solution, are proven. This would be likely to begin in the second half of 2016. The segmented nature of the roll-out is a measure designed specifically to reduce the commercial risks associated with the project, which the Council believes in any case to be low.
- 4.17 For illustrative purposes, CBC takes 33% of the wholesale revenue a month in the spreadsheet on the next page.

Colchester BC Passive Access Fibre/Ducting - Illustrative Proof of Concept											
Duct Asset Value	£70 per metre										
Maintenance	2.50%										
Expected life	40 years										
Cost of Capital	8.50%										
Operational costs	10.00%										
10 kilometre (Duct asset value)	£350,000										
Depreciation	2.5	Y1	Y2	y3	y4	y5	y6	y7	y8	y9	
Inflation											
Cost of Relying network	£600										
Replacement cost of 1km segment - Value of asset		£70,000	£72,100	£74,263	£76,491	£78,786	£81,149	£83,584	£86,091	£88,674	
Depreciation		£1,750	£1,803	£1,857	£1,912	£1,970	£2,029	£2,090	£2,152	£2,217	
Maintenance		£1,750	£1,803	£1,857	£1,912	£1,970	£2,029	£2,090	£2,152	£2,217	
Cost of Capital		£5,950	£6,129	£6,312	£6,502	£6,697	£6,898	£7,105	£7,318	£7,537	
Desired Return on CCTV duct		£9,450	£9,734	£10,026	£10,326	£10,636	£10,955	£11,284	£11,622	£11,971	
Relying segment 1 and 2	200	£120,000									
Total Accumulated return needed		£129,450	£139,184	£149,209	£159,535	£170,171	£181,126	£192,410	£204,033	£216,004	
Revenue											
Customers		30	60	125	150	150	175	200	200	200	
Wholesale Arpu per connection	£30.00										
CBC passive cut 66%	£20										
CBC annual income low		£7,128	£14,256	£29,700	£35,640	£35,640	£41,580	£47,520	£47,520	£47,520	
Accumulated cash flow		£7,128	£21,384	£51,084	£86,724	£122,364	£163,944	£211,464	£258,984	£306,504	

## 5. Legal Implications

- 5.1 CBC will remain the legal owner of the passive infrastructure (ducting, fibre, masts) but will not own active equipment and will not be involved in marketing, maintenance or promotion of retail services.
- 5.2 The Project will offer an attractive and scalable proposition to potential investors and operators, and its roll-out is likely to stimulate the market, particularly in encouraging the accelerated roll-out of FTTP solutions by BT and others. Investment in the passive network infrastructure (purchase and installation of the fibre optic cable, connection to backhaul and all associated works) will be price-matched by an equivalent or greater investment on network hardware, marketing, roll-out and operation, by the chosen operator selected by public tender.
- 5.3 It should be noted that the Council has taken extensive legal advice over potential State Aid issues in reworking the initial project, and believe that by basing the project on an open-access model for the network operator(s) any potential issues / conflicts are avoided. They will not be given exclusive rights to operate the network, all of parts of which will remain open to other future operators.

## 6. Staffing and other resource implications

- 6.1 No staffing implications beyond those of existing CBC project team will be required.
- 6.2 When let, contractors will be responsible for employing sufficient staff to ensure the effective delivery of the project.
- 6.3 Progress on the Project will be managed on through various existing meeting arrangements: the Colchester Economic Growth Board, the Integrated Growth Forum and the Greater Essex Business Board

## **7. Equality and Diversity implications**

- 7.1 An equality and diversity audit was completed for the original project. The geographic scope and beneficiaries from this project are not expected to change significantly.
- 7.2 It is unlikely that the provision of broadband through this project will have an overtly positive or negative impact on any specific race or gender, however the scheme will be monitored





<b>Appendix: Southend JAAP Growth Point: Phase 1</b>
<b>Report by : Emma Cooney, Group Manager Economy and Tourism</b>

## **1. Background**

- 1.1 A business case for a mix of critical transport and non-transport enabling works at the Airport Business Park was submitted as a priority project in the first round of the Growth Deal. A notional allocation of £3.2m was made in the January 2015 announcement for the project but did not specify which aspects of the original business case this should fund.
- 1.2 Since submission of the original business case significant progress has been made in progressing the Airport Business Park. This has included approval of the Joint Area Action Plan (JAAP) by the Planning Inspector, adoption of the JAAP by both Southend and Rochford Councils, appointment of Henry Boot Developments Ltd (HBDL) as development partner and submission of two hybrid planning applications which are due to be determined in February 2016.
- 1.3 As a result of this work the detail of the phasing and funding has been clarified and a funding gap identified in the phase 1 development to enable commencement of the business park works. If this funding gap is not met the rugby club cannot be relocated and therefore land released for the building of the commercial accommodation.
- 1.4 The £3.2m LGF will deliver off-site highway infrastructure that is required to unlock the site, incoming service infrastructure (electricity, water, gas and telecoms) and strategic site-wide drainage infrastructure. It will match Council funding of £5.6m to deliver:
  - Business Park Phase 1 infrastructure - £4.93m. This includes both off-site and on-site infrastructure costs and includes a contingency and inflationary allowance.
  - New rugby club and pitches (including parking and access road) - £3.89m.
- 1.5 With HBDL already in place as development partner, the intention is to deliver the phase 1 infrastructure works by December 2016, a relocated rugby club facility by June 2017, with the construction of commercial floorspace and subsequent occupation of this commencing in FY 2017/18.
- 1.6 The phase 1 infrastructure scheme will unlock 22,000 sqm of new commercial floorspace including 17,500 sqm of high value B1 office/R&D based floorspace and 4,800 sqm of proposed hotel floorspace (equating to a 100 bed hotel with leisure/conference facilities). This will have the ability to accommodate c.1,100 new gross jobs. Furthermore, the successful delivery of the phase 1 scheme will assist to

enable the wider development of the site, which could deliver a further c.2,700 new gross jobs once fully occupied.

- 1.7 The focus of the business park is on high value uses, linking into key identified SELEP growth sectors such as life sciences and medical technologies, building on existing local clusters and research strengths provided through Anglia Ruskin University.
- 1.8 The Airport Business Park will be delivered in accordance with the JAAP – the strategic planning framework designed, agreed and adopted by Rochford and Southend Councils. The JAAP considers the business park site, airport and surrounding area so interlinks with a number of employment, housing and transport opportunities for Rochford, Southend and the wider economy.

## **2. Financial Implications**

- 2.1 £3.2m was allocated to the JAAP Growth Point in the January 2015 announcement.
- 2.2 This will directly lever £5.6m match funding from Southend Borough Council in addition to the significant time and resource already invested to progress the scheme to the stage it is already at.
- 2.3 HBDL has already invested £0.5m of its own funding in site feasibility, masterplanning and the development and recent submission of the two planning applications.

## **3. Legal Implications**

- 3.1 The land is owned by Southend Borough Council.
- 3.2 The Joint Area Action Plan (JAAP) has been approved by the Planning Inspector and adopted by both Southend and Rochford Councils.
- 3.3 Planning applications have been submitted to Rochford District Council for determination in February 2016.
  - Business Park – [15/00781/OUT](#)
  - Rugby Club: - [15/00776/OUT](#)
- 3.4 HBDL was procured through a full OJEU process
- 3.5 Southend Borough Council's contribution to the development of the Airport Business Park is allocated in its capital budget.

## **4. Staffing and other resource implications**

- 6.1 Additional staff resources required to undertake the work have been accounted for within the financial calculations and therefore no further impact on staffing is anticipated.

**AGENDA ITEM 7**

<b>Report to Accountability Board</b>	<b>Forward Plan reference number:</b> n/a
<b>Date of Accountability Board Meeting:</b> 12 <sup>th</sup> February 2016	
<b>Date of report:</b> 3 <sup>rd</sup> February 2016	
<b>Title of report:</b> Capital Programme Management of the Local Growth Fund	
<b>Report by:</b> Adam Bryan	
<b>Enquiries to:</b> adam.bryan@essex.gov.uk	

**1. Purpose of report**

1.1. The purpose of this paper is to:

- Update Accountability Board on the latest position for the Local Growth Deal Capital Programme and
- Present recommendations for the management of the in-year variances to the planned programme.

**2. Recommendations**

2.1. The Board is asked to:

- **Note** the Quarter 3 position of the Local Growth Deal Capital Programme (see Appendix 1 for dashboard position);
- **Approve** the changes to projects as detailed in Appendix 2 for managing the forecast variances as set out in the latest position;
- **Approve** the application of 'Option 4' to any further slippage that may present between now and the end of the financial year;
- **Note** the potentially unmitigated underspend in relation to the Skills element of the Local Growth Deal Capital Programme; and
- **Note** the work that is currently being undertaken on future years of the programme.

**3. Supporting Detail:**

In support of this paper, appendices contain:

- Appendix 1: Programme summary dashboard, including headline summary of 2015/16 forecast underspend and risk;
- Appendix 2: Detailed list of changes to be approved project by project;
- Appendix 3: Detailed table showing variances project by project;
- Appendix 4: Detail of all Local Growth Fund schemes including explanations on variances ; and

- Appendix 5: Detailed table showing variances for the Local Growth Fund Skills Projects

#### 4. SE LEP capital programme

- 4.1. At November Accountability Board it was agreed that the options shown below in **Table 1 2015/16 LGF Underspend Mitigation Options** would be used to manage variances on the Local Growth Deal Capital Programme.

**Table 1: 2015/16 LGF Underspend Mitigation Options**

Option	Description	Implications for SELEP
Option 1 - Bringing forward LGF spend on schemes in the 15/16 capital programme	<ul style="list-style-type: none"> <li>• Bring forward spend where delivery can be advanced and additional spend incurred in 15/16</li> <li>• Re-profiling of spend between funding sources and years for LGF projects in 15/16 programme. Total project cost and LGF cost unchanged and</li> <li>• LGF funding brought forward to spend in 15/16</li> </ul>	<ul style="list-style-type: none"> <li>• Bringing forward spend is appropriate programme management measure at LA / FA level.</li> <li>• For re-profiling there would need to be a process / assurance in place to ensure that equivalent non-LGF money deferred is recycled into LGF programme.</li> <li>• Low risk option as ITE approval exists, and schemes generally are in delivery phase.</li> </ul>
Option 2 – Bringing forward of 16/17 LGF schemes to spend in 15/16	<ul style="list-style-type: none"> <li>• Advancing delivery of projects due to start in 16/17 to 15/ 16.</li> </ul>	<ul style="list-style-type: none"> <li>• Fits with principle of devolution to Federal Areas</li> <li>• New schemes would be subject to ITE / approvals (as exception). No release of LGF funding prior to ITE assessment.</li> <li>• Limited scope for Promoters to do this at this point in the programme.</li> <li>• Medium risk, as required to go through ITE approval and spend in remainder of 15/16.</li> </ul>

Option	Description	Implications for SELEP
Option 3 - Transfer of LGF spend on schemes between Partner authorities.	<ul style="list-style-type: none"> <li>LGF spend directed to Local Authorities with schemes that could spend over and above the 15/16 allocation.</li> <li>Could either be within FAs or across FAs.</li> </ul>	<ul style="list-style-type: none"> <li>Option would demonstrate collaborative working across LEP.</li> <li>Option would include a mechanism for 'payback' in future years so the pot for each FA / LA unchanged.</li> <li>Low risk option as ITE approval exists, and schemes generally are in delivery phase.</li> </ul>
Option 4 – Re-profiling of spend between LGF projects and Capital Programme projects	<ul style="list-style-type: none"> <li>LGF funding would be spent on non-LGF capital programme projects.</li> <li>The Promoter would recycle its deferred funding back to the LGF pot, such that total LGF allocation unchanged (over the programme)</li> </ul>	<ul style="list-style-type: none"> <li>Need process / assurance in place to ensure that equivalent non-LGF money deferred is recycled into LGF programme.</li> <li>Low risk, as Capital Programme not subject to ITE process, and schemes generally in delivery phase.</li> </ul>

4.2. Through Steer Davis Gleave (acting in this case as Capital Programme Manager), scheme promoter meetings have been held in Kent, Essex, East Sussex and Medway with close contact with Southend and Thurrock (recognising limited 2015/16 scheme spend). At each meeting, scheme by scheme consideration was undertaken with the risk of under spend identified and possible mitigations discussed. Other sundry issues were also identified.

4.3. The Programme Consideration Session then took place on 12<sup>th</sup> January to:

- Highlight schemes where there is a potential variations of forecast spend to allocations 2015/16 LGF grant;
- Answer questions on particular schemes and the level of certainty in the short-term programme and hence ability to spend in 2015/16;
- Discuss and, where possible, agree proposed mitigations to ensure that the current year LGF allocation can be spent
- Discuss the LGF schemes that each Promoter is looking to bring forward for spend in 2016/17
- Consider any implications of 2015/16 re-profiling on the 2016/17 programme, recognising the need to report both on the 2015/16 spend and provide confidence in the level of funding allocated and ability to deliver in 2016/17
- Develop recommendations for the Accountability Board based on the above.

- 4.4. The summary position for the Programme can be seen in **Table 2 2015/16 Quarter 3 2015/16 Forecast Position – Summary**. Further detail can be found in the Dashboard at **Appendix 1** (please note the Dashboard does not include Skills Capital monies which is discussed in section 5 of this report) and a detailed variance table can be found at **Appendix 3**.

**Table 2: 2015/16 Quarter 3 2015/16 Forecast Position – Summary**

Local Growth Schemes			
Quarter 3 2015/16 Forecast Position - Summary			
	Original allocation	Forecast spend	Forecast variance
	2015/16	2015/16	2015/16
	£	£	£
<b>Round 1 Schemes - 2015/16 Starts</b>			
Skills Capital Programme	11,000,000	10,414,313	(585,687)
Non Transport Schemes	2,050,000	1,684,000	(366,000)
Transport Schemes	56,400,000	40,500,000	(15,900,000)
<b>Position as at end of Quarter 3</b>	<b>69,450,000</b>	<b>52,598,313</b>	<b>(16,851,687)</b>
Future year projects with spend to be brought forward	-	10,470,000	10,470,000
<b>Revised position at end of Quarter 3</b>	<b>69,450,000</b>	<b>63,068,313</b>	<b>(6,381,687)</b>

- 4.5. The net current position before mitigations is an underspend of £16.8m (24%). In the majority of cases this is due to slippage in the projects and the spend will be picked up in 2016/17. Details on the individual projects can be found at **Appendix 4**. Nine projects with future year starts have been identified as being able to bring forward spend of £10.5m into this financial year. Spend on these projects will be dependent upon them receiving a recommendation of approval from the Independent Technical Evaluator and gaining approval from Accountability Board.
- 4.6. Whilst the Skills Capital Programme funding has been received as part of the general Local Growth Fund grant award, the approach as agreed by the SFA has been different from the other Local Growth Deal projects. Details of the Skills Programme can be found in section 5 of this report. Discussions have begun with Government around the treatment of the year-end variance on the Skills Programme.
- 4.7. The underlying position for the Programme, excluding the Skills variance, is £5.8m underspent. Local partners are requesting to carry forward this amount using Option 4 whereby LGF monies are swapped out into local capital programmes in this financial year and local partners fund the spend in next year.
- 4.8. **Accountability Board are asked to approve the individual changes as detailed in Appendix 2. In total the following mitigations are requested to be approved:**
- **£2.3m additional spend on 2015/16 starts – spend to be reduced in future years**
  - **£10.4m additional spend on 2016/17 or later starts, again with a reduction in spend in future years**

- **£5.8m of spend that will slip to future years using swaps out to local capital programmes in current year to facilitate the slippage**

**In approving these recommendations, the revised forecast position will result in the full application of the grant in 2015/16, with the exception of the underspend of £585,687 that relates to the Skills Capital Programme; this underspend is committed for application in 2016/17.**

- 4.9. There is only one project where there is a declared underspend as opposed to slippage across financial years. The Queensway Gateway Road project is £9m underspent as per the November report to Accountability Board, and the underspend is being used to fund the North Bexhill Access Road.
- 4.10. The latest position is based upon forecasts at the end of Quarter 3 (31<sup>st</sup> December). There is a risk that further slippage will occur for the final quarter of the year. As laid out in the November update to Board, it is DCLG's expectation that all LGF monies granted for 2015/16 will be spent in 2015/16. At this late stage in the year it is unlikely that any further projects or spend could be brought forward and scheme promoters confirm that should further underspend or slippage occur that Option 4 would present the only opportunity to spend those funds in year.
- 4.11. The option to swap out to local capital programmes (i.e. Option 4) impacts on the borrowing requirements of the local partner authorities. For the partner authorities to adjust their borrowing accordingly, it will be necessary for swaps to be made before 31<sup>st</sup> March 2016 and prior to the next Accountability Board meeting.  
**Therefore, it is requested that Board provides prior approval for all additional underspends arising to be treated as slippage through Option 4 and an updated position will be provided to Accountability Board at its April meeting.**
- 4.12. The Accountable Body is currently in the process of revising the Service Level Agreements (SLAs) to ensure that the transfer of LGF spend on schemes between Partner authorities (option 3) and Re-profiling of spend between LGF projects and Capital Programme projects (option 4) is allowable. The revised documents will be forwarded to the S151 Officers for their agreement following the Accountability Board meeting.

## **5. SE LEP Skills capital programme**

- 5.1. As previously reported to the board, the Skills Capital Programme has been allocated to colleges through a series of bidding processes for Capital Development Funding or Capital Equipment Funding; all bids required an element of match funding by the respective colleges.
- 5.2. The grants have been awarded based on anticipated delivery over a two year period, following receipt of £11m LGF grant in 2015/16 and an anticipated further

£11m in 2016/17.

- 5.3. The grant is retained by the SELEP until they are claimed by the colleges under the terms of their respective grant agreements. Following communications with each of the colleges to confirm their forecast position, appendix 5 sets out, in detail, the position for each college and includes the grant awarded, total claimed to Q3 and forecast total to be claimed in 2015/16; the reported position forecasts a potential underspend of £586,000 in 2015/16 which includes the round three schemes still subject to approval by the Accountability Board.
- 5.4. Any underspend on the Skills Programme at the end of 2015/16 will be held by the SELEP and carried forward into 2016/17 as all allocated funding is committed for delivery against the individual projects.
- 5.5. £1.9m of Capital Funding remains unallocated following the three bidding rounds held by the SELEP through 2015/16; it is anticipated that a fourth bidding round will be held to distributed the outstanding funding as indicated in the Skills Capital Round 3 report (agenda item 3)

## **6. Future Years**

- 6.1. In addition to reviewing the current year position, discussions are still ongoing with local partners to define the profile for future years. As detailed in the Finance Update report (Item [4]) Government has confirmed the indicative levels of funding for the remaining five years of the programme. However, this is only indicative and the grant offer has not been made at time of writing. The Accountable Body expects the grant offer letter to be received in the second half of February.
- 6.2. The indicative funding level for 2016/17 £82.27m. However, following the first round of discussions with local partners, the forecast profiled spend for next year exceeds this level by over £15m. There is sufficient funding for all projects over the life of the programme and this over-programming is only an issue in financial year 2016/17.
- 6.3. Partners have been asked to review the profiles of projects with spend in next year and the future year profiling across the programme will be the main focus of the next Programme Consideration meeting in March.
- 6.4. The profile for 2016/17 and future years will be brought to the next Accountability Board for discussion and approval.
- 6.5. In addition to the over-programming in next financial year, it is currently thought that there may be some headroom in the indicative allocations in the later years of the programme. Options on how this headroom could be allocated will also be brought to the next Accountability Board for discussion and approval.



## **7. Financial Implications**

- 7.1. DCLG (the LGF awarding body) have made clear they expect all funds to be defrayed in 2015/16; the impact of slippage in spend could be that future years funding may be reduced and therefore it is necessary to minimise underspends as far as possible.
- 7.2. There is a clear risk that further underspend and slippage from that reflected in this report will be incurred by the end of the financial year; it is, therefore, imperative that local partners are ready to further re-profile spend between LGF projects and local Capital Programme projects, where necessary, to ensure that funding is not lost to the Local Growth Deal in future.
- 7.3. The exception to the above position is the Skills programme where the unmitigated underspend sits with the SELEP, and is held by the Accountable Body, as the funding is drawn down in arrears by the colleges in line with their grant agreements. Where possible, allocations have been re-profiled across the skills projects to prioritise spend of the Local Growth Fund before other funding sources, to maximise use of the grant; it is anticipated, however, that some of the grant may remain unspent in 2015/16, as delivery profiles require the funding in 2016/17. Conversations with the Government are on-going with regard to the treatment of the year-end variance in the Skills Programme.
- 7.4. The over programming risk in future years should be considered alongside performance of delivery in the current year. In total of the 35 non-skills projects approved for funding in this year, 15 have slippage to the value of £11.7m or 20% of the original starting profile. Whilst there were delays in establishing the programme it is not unreasonable to expect a continuing level of slippage in future years.

## **8. Legal Implications**

- 8.1. None at present.

## **9. Staffing and other resource implications**

- 9.1. None

## **10. Equality and Diversity implications**

- 10.1. None

## **11. List of Appendices**

- 11.1. Appendix 1: LGF Expenditure - Pre Mitigation 2015/16 Position
- 11.2. Appendix 2: Local Growth Schemes – Quarter 3 2015/16

11.3. Appendix 3: Local Growth Schemes – Quarter 3 2015/16 – Forecast Position

11.4. Appendix 4: Financial Monitoring

(available at [www.essex.gov.uk](http://www.essex.gov.uk) if not circulated with this report)

## 12. List of Background Papers

12.1. None

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

Role	Date
<b>Accountable Body sign off</b>	
Lorna Norris	3 February 2016
On behalf of Margaret Lee	

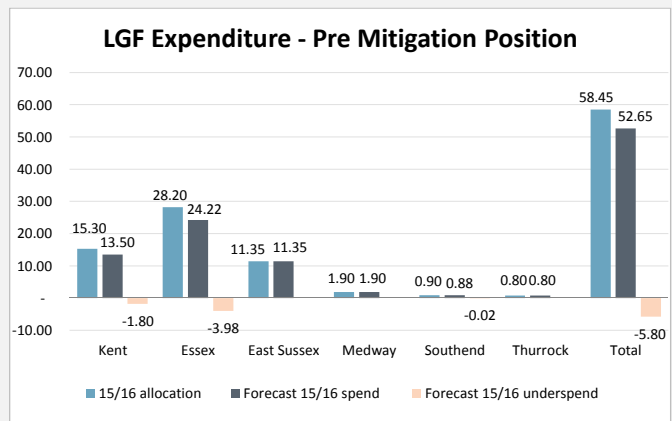
### LGF Expenditure - Pre Mitigation 2015/16 Position

	15/16 allocation	Forecast 15/16 spend	Forecast 15/16 underspend	Percentage underspend
Kent	15.30	13.50	-1.80	-11.8%
Essex	28.20	24.22	-3.98	-14.1%
East Sussex	11.35	11.35	-	0.0%
Medway	1.90	1.90	-	0.0%
Southend	0.90	0.88	-0.02	-1.8%
Thurrock	0.80	0.80	-	0.0%
<b>Total</b>	<b>58.45</b>	<b>52.65</b>	<b>-5.80</b>	<b>-9.9%</b>

#### Commentary and Risk

Underspend risk vs. 15/16 allocation (£m) 5.796  
 Percentage of spend as risk vs. allocation -9.9%

There remains some risk in the ability to deliver full 15/16 spend across the programme.  
 Further underspend risk likely to materialise in Q4

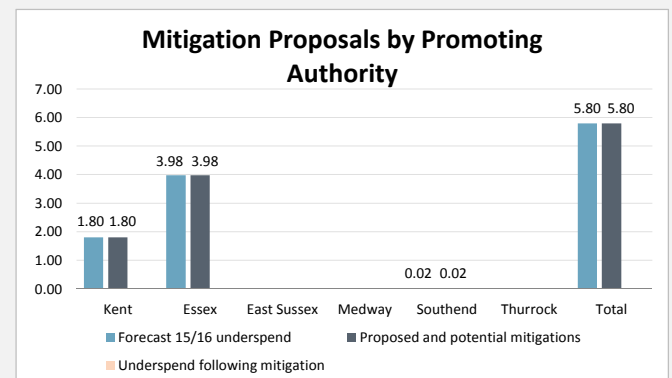


### Proposed and Potential Mitigations, by Promoting Authority

	Forecast 15/16 underspend	Proposed and potential mitigations	Underspend following mitigation	Mitigation vs forecast underspend
Kent	1.80	1.80	0.00	100%
Essex	3.98	3.98	0.00	100%
East Sussex	0.00	0.00	0.00	0%
Medway	0.00	0.00	0.00	0%
Southend	0.02	0.02	0.00	100%
Thurrock	0.00	0.00	0.00	0%
<b>Total</b>	<b>5.80</b>	<b>5.80</b>	<b>0.00</b>	<b>100%</b>

#### Commentary and Risk

Promoting authorities have sought to mitigate underspend within LA area.  
 Forecast underspend fully mitigated based on Promoter proposals.

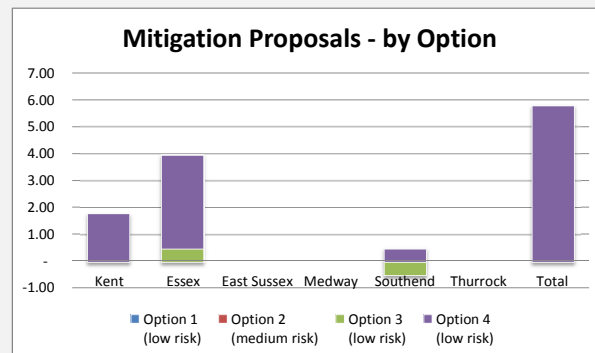


### Breakdown of LGF Mitigation Proposals by Option (Q3)

	Option 1 (low risk)	Option 2 (medium risk)	Option 3 (low risk)	Option 4 (low risk)	Total
	Bringing forward LGF spend on schemes in the 15/16 capital programme	Bringing forward of 16/17 LGF schemes to spend in 15/16	Transfer of LGF between Partner Authorities	Re-profiling of spend between LGF projects and Capital Programme projects	
Kent	-	-	-	1.80	1.80
Essex	-	-	0.49	3.49	3.98
East Sussex	-	-	-	-	-
Medway	-	-	-	-	-
Southend	-	-	0.49	0.51	0.02
Thurrock	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5.80</b>	<b>5.80</b>

#### Commentary and Risk

Slippage of LGF mitigated through transfer to Local Authority Capital Programme (to be returned to LGF next financial year)





Appendix 2

Local Growth Schemes Quarter 3 2015/16 Virements Requested		Forecast variance 2015/16 £	Option Chosen	Recommendation
2015/16 Starts with variances				
Newhaven Flood Defences	(350,000)	Option 2	That variance is used to support project spend being b/fwd on later year starts - spend to slip to next year	
Southend Growth Hub (SCAAP)	(16,000)	Option 4	That variance is swapped out to local partner's capital programme and spend slipped to next year	
Tonbridge Town Centre Regeneration	(190,000)	Option 2	That variance is used to support project spend being b/fwd - spend slipped to next year	
Sittingbourne Town Centre Regeneration	(1,950,000)	Option 1 and 2	That £40K of variance is used to support spending b/fwd for 15/16 starts and £1.91m is used to support spending b/fwd for later year starts	
M20 Junction 4 Eastern Overbridge	(1,380,000)	Option 4	That variance is swapped out to local partner's capital programme and spend slipped to next year	
A26 London Rd/ Speldhurst Rd/ Yew Tree Rd, Tun Wells	(390,000)	Option 2 and 4	That £20K of variance is swapped out to local partner's capital programme and £370K is used to fund spend b/fwd on later year starts - spend to slip to next year	
Kent Thameside LSTF	(300,000)	Option 2	That variance is used to support project spend being b/fwd - spend slipped to next year	
Maidstone Gyratory Bypass	40,000	Option 1	That additional spend in this year is supported through underspends on other schemes and spend is reduced by £40K in 2016/17	
North Deal transport improvements	(400,000)	Option 4	That variance is swapped out to local partner's capital programme and spend slipped to next year	
Kent Sustainable Interventions programme	(350,000)	Option 2	That variance is used to support project spend being b/fwd - spend slipped to next year	
Strood Town Centre Journey Time and Accessibility Enhancements	10,000	Option 1	That additional spend in this year is supported through underspends on other schemes and spend is reduced by £10K in 2017/18	
Chatham Town Centre Place-making and Public Realm Package	(138,000)	Option 1	That variance is used to support spend b/fwd on 15/16 starts and spend is slipped to 17/18	
Medway Cycling Action Plan	128,000	Option 1	That additional spend in this year is supported through underspends on other schemes and spend is reduced by £128K in 2017/18	
Colchester LSTF	(500,000)	Option 4	That variance is swapped out to local partner's capital programme and spend slipped to next year	
Colchester Integrated Transport Package	(950,000)	Option 3	That variance is used to fund swap to another partner and funding swapped back in future years (agreed at November Accountability Board)	
Colchester Town Centre	(2,300,000)	Option 1	That additional spend in this year is supported through underspends on other schemes and spend slips to 16/17	
A414 Pinch Point Package: A414 First Avenue & Cambridge Rd junction	(1,480,000)	Option 4	That variance is swapped out to local partner's capital programme and spend slipped to next year	
Chelmsford Station / Station Square / Mill Yard	(1,000,000)	Option 4	That variance is swapped out to local partner's capital programme and spend slipped to next year	
Basildon Integrated Transport Package	1,250,000	Option 1	That additional spend in this year is supported through underspends on other schemes and spend is reduced in 16/17	
Queensway Gateway Road	(7,000,000)	Option 2	That variance is used to support other projects being b/fwd - this is an underspend on total project and not slippage	
Colchester Park and Ride and Bus Priority measures	1,000,000	Option 1	That additional spend in this year is supported through underspends on other schemes and spend is reduced in 16/17	
	(16,266,000)			
Future schemes bought forward				
North Bexhill Access Road	5,400,000	Option 2	This is a new project including elements of other projects and funded through the underspend on Queensway Gateway Road and has already been approve. It is recommended that £5.4m of allocation is made in 2016/17	
Swallows Business Park	1,250,000	Option 2	That £1.25m of funding is brought forward from 16/17 - contingent on approval of project	
Sovereign Harbour Innovation Park	700,000	Option 2	That £0.7m of funding is brought forward from 16/17 - contingent on approval of project	
Maidstone Sustainable Access to Employment Areas	230,000	Option 2	That £230K of funding is brought forward from 16/17 - contingent on approval of project	
A28 Chart Road	1,080,000	Option 2	That £1.08m of funding is brought forward from 16/17 - contingent on approval of project	
Rathmore Road Link, Gravesend	1,740,000	Option 2	That £1.74m of funding is brought forward from 16/17 - contingent on approval of project	
Maidstone Integrated Transport	70,000	Option 2	That £70K of funding is brought forward from 16/17 - contingent on approval of project	
	10,470,000			
	(5,796,000)			



## Local Growth Schemes

## Quarter 3 2015/16 Forecast Position - Detailed

		Transferring to	Original allocation	Forecast spend	Forecast variance
			2015/16	2015/16	2015/16
			£	£	£
Govt. Ref	Round 1 Schemes - 2015/16 Starts				
LGFSE1	Skills Capital Programme	Held centrally	11,000,000	10,414,313	(585,687)
LGFSE2	Newhaven Flood Defences	East Sussex CC	750,000	400,000	(350,000)
LGFSE3	Kent and Medway Growth Hub	Kent CC	1,000,000	1,000,000	-
LGFSE4	Colchester Broadband Infrastructure	Essex CC	200,000	200,000	-
LGFSE5	Southend Growth Hub (SCAAP)	Southend	100,000	84,000	(16,000)
LGFSE6	Tonbridge Town Centre Regeneration	Kent CC	2,000,000	1,810,000	(190,000)
LGFSE7	Sittingbourne Town Centre Regeneration	Kent CC	2,500,000	550,000	(1,950,000)
LGFSE8	M20 Junction 4 Eastern Overbridge	Kent CC	2,200,000	820,000	(1,380,000)
LGFSE9	A26 London Rd/ Speldhurst Rd/ Yew Tree Rd, Tun Wells	Kent CC	1,000,000	610,000	(390,000)
LGFSE10	Kent Thameside LSTF	Kent CC	2,400,000	2,100,000	(300,000)
LGFSE11	Maidstone Gyratory Bypass	Kent CC	1,000,000	1,040,000	40,000
LGFSE12	Kent Strategic Congestion Management programme	Kent CC	800,000	800,000	-
LGFSE13	North Deal transport improvements	Kent CC	400,000	-	(400,000)
LGFSE14	Kent Rights of Way improvement plan	Kent CC	200,000	200,000	-
LGFSE15	Kent Sustainable Interventions programme	Kent CC	500,000	150,000	(350,000)
LGFSE16	West Kent LSTF	Kent CC	800,000	800,000	-
LGFSE17	Folkestone Seafront : onsite infrastructure and engineering works	Kent CC	500,000	500,000	-
LGFSE18	A289 Four Elms Roundabout to Medway Tunnel Journey time and Network Improvements	Medway	500,000	500,000	-
LGFSE19	Strood Town Centre Journey Time and Accessibility Enhancements	Medway	200,000	210,000	10,000
LGFSE20	Chatham Town Centre Place-making and Public Realm Package	Medway	1,000,000	862,000	(138,000)
LGFSE21	Medway Cycling Action Plan	Medway	100,000	228,000	128,000
LGFSE22	Medway City Estate Connectivity Improvement Measures	Medway	100,000	100,000	-
LGFSE23	Hailsham/Polegate/Eastbourne Sustainable Transport Corridor	East Sussex CC	-	-	-
LGFSE24	Eastbourne and South Wealden Walking and Cycling LSTF package	East Sussex CC	600,000	600,000	-
LGFSE25	Colchester LSTF	Essex CC	2,000,000	1,500,000	(500,000)
LGFSE26	Colchester Integrated Transport Package	Essex CC	2,200,000	1,250,000	(950,000)
LGFSE27	Colchester Town Centre	Essex CC	5,000,000	2,700,000	(2,300,000)
LGFSE28	TGSE LSTF - Essex	Essex CC	2,400,000	2,400,000	-
LGFSE29	TGSE LSTF - Southend	Southend	800,000	800,000	-
LGFSE30	TGSE LSTF - Thurrock	Thurrock	800,000	800,000	-
LGFSE31	A414 Pinch Point Package: A414 First Avenue & Cambridge Rd junction	Essex CC	7,100,000	5,620,000	(1,480,000)
LGFSE32	A414 Maldon to Chelmsford RBS	Essex CC	1,000,000	1,000,000	-
LGFSE33	Chelmsford Station / Station Square / Mill Yard	Essex CC	1,500,000	500,000	(1,000,000)
LGFSE34	Basildon Integrated Transport Package	Essex CC	1,000,000	2,250,000	1,250,000
LGFSE35	Queensway Gateway Road	East Sussex CC	10,000,000	3,000,000	(7,000,000)
LGFSE36	Colchester Park and Ride and Bus Priority measures	Essex CC	5,800,000	6,800,000	1,000,000
			69,450,000	52,598,313	(16,851,687)
	Future schemes bought forward				
LGFSE51	North Bexhill Access Road	East Sussex CC	-	5,400,000	5,400,000
	Bexhill Enterprise Park - now subsumed within North Bexhill Access Rd	East Sussex CC	-	-	-
LGFSE49	Swallows Business Park	East Sussex CC	-	1,250,000	1,250,000
LGFSE50	Sovereign Harbour Innovation Park	East Sussex CC	-	700,000	700,000
LGFSE47	Maidstone Sustainable Access to Employment Areas	Kent CC	-	230,000	230,000
LGFSE46	A28 Sturry Road Integrated Transport Package	Kent CC	-	-	-
LGFSE42	A28 Chart Road	Kent CC	-	1,080,000	1,080,000
LGFSE44	Sturry Link Road	Kent CC	-	-	-
LGFSE45	Rathmore Road Link, Gravesend	Kent CC	-	1,740,000	1,740,000
LGFSE43	Maidstone Integrated Transport	Kent CC	-	70,000	70,000
			-	10,470,000	10,470,000
			69,450,000	63,068,313	(6,381,687)





SCHEME\_SUMMARY

Centrally Held Schemes - Non Transport

LOGAS Code	Scheme Name	Promoter	Federal Area	Total scheme cost	Total LGF cost	Planned LGF spend in 15/16 (£m). Based on Annual Allocation	Planned LGF spend in 15/16 (£m). Based on November Accountability Board agreed changes	Expected / Planned Spend for 15/16 (at Q3)	15/16 spend at risk	Summary / RAG / Comments [RAG Rating: <b>Green</b> = forecast to achieve forecast 15/16 spend, <b>Amber</b> = Change in spend vs planned allocation through either 1) known or potential risk of underspend in 15/16 or scheme or 2) Spend mitigation option	Programme Management Option	Residual spend risk (15/16) - existing programme & proposed mitigations
LGFSE1	Skills Capital Programme	Held centrally	n/a		22.0	11.0	11.0	11.0	0.00	Covered in separate paper.		

Retained Transport Schemes

LOGAS Code	Scheme Name	Promoter	Federal Area	Total scheme cost	Total LGF cost	Allocated LGF spend in 15/16 (£m). Based on Annual Allocation	Planned LGF spend in 15/16 (£m). Based on November Accountability Board agreed changes	Expected / Planned Spend for 15/16 (at Q3)	15/16 spend at risk	Summary / RAG / Comments [RAG Rating: <b>Green</b> = forecast to achieve forecast 15/16 spend, <b>Amber</b> = Change in spend vs planned allocation through either 1) known or potential risk of underspend in 15/16 or scheme or 2) Spend mitigation option	Programme Management Option	Residual spend risk (15/16) - existing programme & proposed mitigations
LGFSE37	A127 Fairglen Junction Improvements	DfT Retained Scheme	Essex	17.0	15.0	0.0	0.0	0.0	0.00	No spend in 15/16	n/a	Low
LGFSE40	A127 The Bell	DfT Retained Scheme	TGSE	5.0	4.3	0.0	0.0	0.0	0.00	No spend in 15/16	n/a	Low
SUMMARY				22.02	19.30	-	-	-	-			

East Sussex Projects

LOGAS Code	Scheme Name	Promoter	Federal Area	Total scheme cost	Total LGF cost	Planned LGF spend in 15/16 (£m). Based on Annual Allocation	Planned LGF spend in 15/16 (£m). Based on November Accountability Board agreed changes	Expected / Planned Spend for 15/16 (at Q3)	15/16 spend at risk	Summary / RAG / Comments [RAG Rating: Green = forecast to achieve forecast 15/16 spend, Amber = Change in spend vs planned allocation through either 1) known or potential risk of underspend in 15/16 or scheme or 2) Spend mitigation option	Programme Management Option	Residual spend risk (15/16) - existing programme & proposed mitigations
LGFE2	Newhaven Flood Defences	East Sussex CC	East Sussex	9.0	1.5	0.75	0.40	0.40	0.00	Grant Agreement being confirmed with Environment Agency	n/a	Low (beyond identified underspend)
LGFE23	Hailsham/Polegate/Eastbourne Sustainable Transport Corridor	East Sussex CC	East Sussex	3.5	2.1	0.30	0.00	0.00	0.00	Returning to Programme in 17/18	n/a	
LGFE24	Eastbourne and South Wealden Walking and Cycling LSTF package	East Sussex CC	East Sussex	10.6	8.6	0.30	0.60	0.60	0.00	On track	n/a	Low
LGFE35	Queensway Gateway Road (formerly A21 Barslow Link)	East Sussex CC	East Sussex	15.0	15.0	10.00	3.00	3.00	0.00	Planning permission granted in December 2015. On track	n/a	Low (beyond identified underspend)
16/17 Scheme brought forward (LGFE51)	North Bexhill Access Road	East Sussex CC		16.7	9.0		5.40	5.40	0.00	Business Case received by ITE. Planning permission going to Rother DC on 21st January. Land acquisition constitutes majority of spend.	Option 2	Medium - Requires ITE approval.
16/17 Scheme brought forward (LGFE49)	Swallow Business Park, Hailsham (A22/A27 Growth Corridor)	East Sussex CC		1.4	1.4		1.40	1.25	-0.15	State Aid concern resolved. Business Case with ITE.	Option 2	Medium - Requires ITE approval.
16/17 Scheme brought forward (LGFE50)	Sovereign Harbour	East Sussex CC		1.7	1.4		0.70	0.70	0.00	Scope of scheme has changed. Now 3 scheme elements covering separate business parks.	Option 2	Medium - Requires ITE approval.
SUMMARY				57.89	39.00	11.35	11.50	11.35	-0.15	Variance from November AB (inc. any mitigations)		
									0.00	Variance from 15/16 Allocation		

Essex Projects

LOGAS Code	Scheme Name	Promoter	Federal Area	Total scheme cost	Total LGF cost	Planned LGF spend in 15/16 (£m). Based on Annual Allocation	Planned LGF spend in 15/16 (£m). Based on November Accountability Board agreed changes	Expected / Planned Spend for 15/16 (at Q3)	15/16 spend at risk	Summary / RAG / Comments [RAG Rating: Green = forecast to achieve forecast 15/16 spend, Amber = Change in spend vs planned allocation through either 1) known or potential risk of underspend in 15/16 or scheme or 2) Spend mitigation option	Programme Management Option	Residual spend risk (15/16) - existing programme & proposed mitigations
LGFSE4	Colchester Broadband Infrastructure	Essex CC	Essex	-	0.2	0.20	0.20	0.20	0.00	Revision of scope and revised business case submitted.	n/a	Low
LGFSE25	Colchester LSTF	Essex CC	Essex	2.0	2.0	2.00	2.00	1.50	-0.50	Stakeholder consultation > issues with cycle lane element of scheme. Resolution unlikely > risk of underspend in 15/16	Option 1	Medium
LGFSE26	Colchester Integrated Transport Package	Essex CC	Essex	13.0	5.0	2.20	2.60	1.25	-1.35	Risk associated with additional delays to the delivery of Colne Bank widening project. Underspend slips to 16/17	Option 1	Medium
LGFSE27	Colchester Town Centre (Formerly Integrated Transport Package A)	Essex CC	Essex	5.0	5.0	5.00	3.20	2.70	-0.50	Additional risk associated with the non-delivery of the Lexden Road bus lane	n/a	Medium
LGFSE28	TGSE LSTF - Essex	Essex CC	TGSE	5.0	3.0	2.40	3.00	2.40	-0.60	£600k at risk as RTI element may be deemed to be revenue rather than capital (hence not eligible for LGF). If so, will affect overall LGF cost.	Option 1	Medium
LGFSE31	A414 Pinch Point Package: A414 First Avenue & Cambridge Rd junction	Essex CC	Essex	15.1	10.0	7.10	4.10	4.10	0.00	On track	Option 4 - linked to Harlow Enterprise Zone proposal below.	Low
LGFSE32	A414 Maldon to Chelmsford RBS	Essex CC	Essex	4.0	2.0	1.00	1.00	1.00	0.00	On track	n/a	Low
LGFSE33	Chelmsford Station / Station Square / Mill Yard	Essex CC	Essex	7.9	3.0	1.50	1.00	0.50	-0.50	Dependent on NR and complicated by TOC / franchising. Delay likely.	n/a	Medium
LGFSE34	Basildon Integrated Transport Package	Essex CC	TGSE	13.0	9.0	1.00	2.25	2.25	0.00	On track	Option 1	Low
LGFSE36	Colchester Park and Ride and Bus Priority measures	Essex CC	Essex	7.5	5.8	5.80	6.80	6.80	0.00	Complete	Option 4	Low
LGFSE38	A127 Capacity Enhancements Road Safety and Network Resilience (ECC)	Essex CC [Note funds held centrally by DfT]	Essex	8.5	4.0	0.60	0.60	0.60	0.00	On track	n/a	Low
Re-profile of spend between LGF and GPF	Harlow Enterprise Zone (consider within wider LGFSE31)	Essex CC	Essex			0.00	1.52	1.52	0.00	On track	Option 4	Low
Transfer between ECC & Southend						0.00	0.49	0.49	0.00	Confirmed swap	Option 3	Low
Capital Programme Virement	Wivenhoe Cycle Link Jaywick Roads Chelmsford City Growth Area Scheme Capital resurfacing schemes on PR1 network M11 J7a design work	Essex CC	Essex			0.00	0.00	3.49	3.49	Capital Programme Virements as follows: Wivenhoe Cycle Link - (£1.0m) will be used to offset Colchester schemes. Jaywick Roads (£0.75m) will be used to offset Colchester schemes. Chelmsford City Growth Area - early delivery of bus shelters at Sandon P&R (£0.25m) will be used to offset Colchester schemes. Capital resurfacing schemes on PR1 network (£1.45m) will be partially used to offset Colchester schemes (£0.95m) and partially Chelmsford Station (£0.5m). M11 J7a Design Work (£2.0m) may also be used if needed.	Option 4	Low
SUMMARY				81.00	49.00	28.20	28.16	24.71	0.04	Variance from November AB (inc. any mitigations)		
						exc. retained scheme	exc. retained scheme	exc. retained scheme	-3.98	Variance from 15/16 Allocation (exc. retained scheme and swap with Southend)		

Kent Projects

LOGAS Code	Scheme Name	Promoter	Federal Area	Total scheme cost	Total LGF cost	Planned LGF spend in 15/16 (£m). Based on Annual Allocation	Planned LGF spend in 15/16 (£m). Based on November Accountability Board agreed changes	Expected / Planned Spend for 15/16 (at Q3)	15/16 spend at risk	Summary / RAG / Comments [RAG Rating: Green = forecast to achieve forecast 15/16 spend, Amber = Change in spend vs planned allocation through either 1) known or potential risk of underspend in 15/16 or scheme or 2) Spend mitigation option	Programme Management Option	Residual spend risk (15/16) - existing programme & proposed mitigations
LGFSE3	Kent and Medway Growth Hub	Kent CC	Kent & Medway	-	6.0	1.00	1.00	1.00	0.00	On track	n/a	Low
LGFSE6	Tonbridge Town Centre Regeneration	Kent CC	Kent & Medway	6.7	2.4	2.00	1.80	1.81	0.01	On track	n/a	Low (beyond identified underspend)
LGFSE7	Sittingbourne Town Centre Regeneration	Kent CC	Kent & Medway	4.5	2.5	2.50	0.80	0.55	-0.25	Further underspend identified	n/a	Medium - Developer led scheme so SLA states KCC spend in arrears.
LGFSE8	M20 Junction 4 Eastern Overbridge	Kent CC	Kent & Medway	4.8	2.2	2.20	0.93	0.82	-0.11	Further underspend identified	n/a	Medium
LGFSE9	A26 London Rd/ Speldhurst Rd/ Yew Tree Rd, Tun Wells	Kent CC	Kent & Medway	2.1	1.8	1.00	0.30	0.61	0.31	On track	n/a	Low (beyond identified underspend).
LGFSE10	Kent Thameside LSTF	Kent CC	Kent & Medway	7.7	4.5	2.40	2.10	2.10	0.00	On track	n/a	Low (beyond identified underspend)
LGFSE11	Maidstone Gyratory Bypass	Kent CC	Kent & Medway	5.7	4.6	1.00	0.80	1.04	0.24	On track	n/a	Low (beyond identified underspend)
LGFSE12	Kent Strategic Congestion Management programme	Kent CC	Kent & Medway	4.8	4.8	0.80	0.80	0.80	0.00	On track	n/a	Low
LGFSE13	North Deal transport improvements	Kent CC	Kent & Medway	1.6	0.8	0.40	0.05	0.00	-0.05	BC will not be ready for spending this FY	n/a	Medium - Requires ITE approval.
LGFSE14	Kent Rights of Way improvement plan	Kent CC	Kent & Medway	1.3	1.0	0.20	0.20	0.20	0.00	On track	n/a	Low
LGFSE15	Kent Sustainable Interventions programme	Kent CC	Kent & Medway	3.0	3.0	0.50	0.30	0.15	-0.15	Risk of further underspend. Local engagement protracted - some elements delayed until 2016/17	n/a	Medium
LGFSE16	West Kent LSTF	Kent CC	Kent & Medway	9.1	4.9	0.80	0.80	0.80	0.00	On track	n/a	Low
LGFSE17	Folkestone Seafront : onsite infrastructure and engineering works	Kent CC	Kent & Medway	0.5	0.5	0.50	0.50	0.50	0.00	On track	n/a	Low
16/17 Scheme brought forward (LGFSE47)	Maidstone Sustainable Access	Kent CC	Kent & Medway		2.0		0.25	0.23	-0.02	£0.23m being brought forward from 16/17	Option 2	Medium - Requires ITE approval.
16/17 Scheme brought forward (LGFSE46)	A28 Sturry Rd Integrated Transport Package	Kent CC	Kent & Medway		0.3		0.05	0.00	-0.05	While approved, scheme on hold until 2016/17 and so only £9k minimal expenditure to date.	Option 2	Medium - Requires ITE approval.
16/17 Scheme brought forward (LGFSE42)	A28 Chart Road	Kent CC	Kent & Medway		10.2		1.62	1.08	-0.54	£1.08m can be brought forward from 2016/17 allocation with profile generally being brought forward.	Option 2	Medium - Requires ITE approval.
16/17 Scheme brought forward (LGFSE44)	A28 Sturry Link Road	Kent CC	Kent & Medway		5.9		0.33	0.00	-0.33	BC will not be ready for spending this FY	Option 2	Medium - Requires ITE approval.
16/17 Scheme brought forward (LGFSE45)	Rathmore Road	Kent CC	Kent & Medway	9.5	4.2		2.46	1.74	-0.72	£1.74m can be brought forward from 2016/17 main allocation	Option 2	Medium - Requires ITE approval.
16/17 Scheme brought forward (LGFSE43)	Maidstone Integrated Transport	Kent CC	Kent & Medway		8.9		0.07	0.07	0.00	On track	Option 2	Medium - Requires ITE approval.
16/17 Scheme brought forward (LGFSE48)	Ashford Spurs	Kent CC	Kent & Medway		2.0		0.25	0.00	-0.25	Removed from mitigations. Will not be ready for Feb Accountability Board. Moving back into 16/17 programme	-	Will not be ready for Feb Accountability Board. Moving back into 16/17 programme
Capital Programme Virement	Various	Kent CC	Kent & Medway				0.00	1.80	1.80	Various	Option 4	Low
SUMMARY				61.14	72.50	15.30	15.41	15.30	-0.11	Variance from November AB (inc. any mitigations)		
									-1.80	Variance from 15/16 Allocation		

Medway Projects

LOGAS Code	Scheme Name	Promoter	Federal Area	Total scheme cost	Total LGF cost	Planned LGF spend in 15/16 (£m). Based on Annual Allocation	Planned LGF spend in 15/16 (£m). Based on November Accountability Board agreed changes	Expected / Planned Spend for 15/16 (at Q3)	15/16 spend at risk	Summary / RAG / Comments [RAG Rating: Green = forecast to achieve forecast 15/16 spend, Amber = Change in spend vs planned allocation through either 1) known or potential risk of underspend in 15/16 or scheme or 2) Spend mitigation option	Programme Management Option	Residual spend risk (15/16) - existing programme & proposed mitigations
LGFE18	A289 Four Elms Roundabout to Medway Tunnel Journey time and Network Improvements	Medway	Kent & Medway	18.6	11.1	0.50	0.50	0.50	0.00	On track	n/a	Low
LGFE19	Strood Town Centre Journey Time and Accessibility Enhancements	Medway	Kent & Medway	10.0	9.0	0.20	0.20	0.21	0.01	On track to spend £210k in 15/16, accounting for Chatham under-spend	n/a	Low
LGFE20	Chatham Town Centre Place-making and Public Realm Package	Medway	Kent & Medway	6.9	4.0	1.00	1.00	0.86	-0.14	Expecting £138k to be shifted from spending on Chatham to Strood (£10k) and Cycling Action Plan (£128k)	n/a	Low (beyond identified underspend)
LGFE21	Medway Cycling Action Plan	Medway	Kent & Medway	3.0	2.5	0.10	0.10	0.23	0.13	On track to spend £228k in 15/16, accounting for Chatham under-spend	n/a	Low
LGFE22	Medway City Estate Connectivity Improvement Measures	Medway	Kent & Medway	2.0	2.0	0.10	0.10	0.10	0.00	On track	n/a	Low
SUMMARY				40.50	28.60	1.90	1.90	1.90	0.00	Variance from November AB (inc. any mitigations)		
									0.00	Variance from 15/16 Allocation		

Southend Projects

LOGAS Code	Scheme Name	Promoter	Federal Area	Total scheme cost	Total LGF cost	Planned LGF spend in 15/16 (£m). Based on Annual Allocation	Planned LGF spend in 15/16 (£m). Based on November Accountability Board agreed changes	Expected / Planned Spend for 15/16 (at Q3)	15/16 spend at risk	Summary / RAG / Comments [RAG Rating: Green = forecast to achieve forecast 15/16 spend, Amber = Change in spend vs planned allocation through either 1) known or potential risk of underspend in 15/16 or scheme or 2) Spend mitigation option	Programme Management Option	Residual spend risk (15/16) - existing programme & proposed mitigations
LGFSE5	Southend Growth Hub	Southend	TGSE	-	6.7	0.10	0.590	0.084	-0.51	Unable to spend full allocation or ECC swap money due to issues with Clean Air Act. Southend to take ECC money, swap it into Capital Programme in 15/16, then back out in 16/17.	Option 3 - Transfer from ECC based on agreement at Nov Accountability Board	Low (beyond identified underspend)
LGFSE29	TGSE LSTF - Southend	Southend	TGSE	-	1.0	0.80	0.80	0.80	0.00	On track	n/a	Low
LGFSE39	A127 Kent Elms Corner	Southend [Note funds held centrally by DfT]	TGSE	5.0	4.3	0.50	0.50	0.50	0.00	On track	n/a	Low
LGFSE41	A127 Essential Bridge and Highway Maintenance - Southend	Southend [Note funds held centrally by DfT]	TGSE	8.0	8.0	0.40	0.40	0.40	0.00	On track	n/a	Low
Capital Programme Virement	Various	Southend					0.00	0.51	0.51		Option 4	Low
				13.02	20.02	0.90	1.39	0.88	0.00	Variance from November AB (inc. any mitigations)		
SUMMARY						exc. retained schemes	exc. retained schemes	exc. retained schemes	-0.02	Variance from 15/16 Allocation (exc. retained schemes)		

Thurrock Projects

LOGAS Code	Scheme Name	Promoter	Federal Area	Total scheme cost	Total LGF cost	Planned LGF spend in 15/16 (£m). Based on Annual Allocation	Planned LGF spend in 15/16 (£m). Based on November Accountability Board agreed changes	Expected / Planned Spend for 15/16 (at Q3)	15/16 spend at risk	Summary / RAG / Comments [RAG Rating: Green = forecast to achieve forecast 15/16 spend, Amber = Change in spend vs planned allocation through either 1) known or potential risk of underspend in 15/16 or scheme or 2) Spend mitigation option	Programme Management Option	Residual spend risk (15/16) - existing programme & proposed mitigations
LGFE30	TGSE LSTF - Thurrock	Thurrock	TGSE		1.0	0.80	0.80	0.80	0.00	Elements being spent on may vary but all within the BC. On track	n/a	Low
SUMMARY				0.00	1.00	0.80	0.80	0.80	0.00	Variance from November AB (inc. any mitigations)		
									0.00	Variance from 15/16 Allocation		

END

