

<b>Report title:</b> LGF High Risk Projects Update Report	
<b>Report to:</b> Accountability Board	
<b>Report author:</b> Howard Davies, SELEP Capital Programme Officer	
<b>Meeting date:</b> 16 June 2023	<b>For:</b> Information
<b>Enquiries to:</b> <a href="mailto:howard.davies@southeastlep.com">howard.davies@southeastlep.com</a>	
<b>SELEP Partner Authority affected:</b> Kent and Thurrock	

## 1. Purpose of report

- 1.1. The purpose of this report is for the Accountability Board (the Board) to receive an update on the delivery of the following Local Growth Fund (LGF) projects which are currently ranked as high risk: Grays South and A28 Sturry Link Road.

## 2. Recommendations

- 2.1. The Board is asked to:

### Grays South

- 2.1.1. **Note** the update on the project.

- 2.1.2. **Note** that a further update will be brought to the September 2023 Board meeting which will provide an update on the outcome of the project reviews associated with the Grays South Regeneration Area scheme.

### A28 Sturry Link Road

- 2.1.3. **Note** the update on the project

- 2.1.4. **Note** that a further update will be brought to the Board meeting in September 2023 which will include:

- 2.1.4.1. Confirmation that negotiations between the developer and land owner on the Sturry site have concluded successfully.
- 2.1.4.2. Confirmation of the status of the planning application for the North Hersden development; and
- 2.1.4.3. Confirmation that the CPO has been published or is ready for publication.

## **Grays South**

### **3. Summary Position**

- 3.1. The Grays South project forms part of the Grays South Regeneration Area (GSRA) scheme which consists of a number of interventions designed to support the economic and social vitality of Grays Town Centre. The LGF funding was specifically sought to support the creation of an underpass to replace the existing level crossing and for the creation of a public square at each end, designed to provide active urban spaces suited to a wide range of events, markets and similar activities.
- 3.2. It should be noted that a separate intervention within the GSRA scheme will bring forward new modern commercial/mixed use floorspace and residential units on land at either end of the new underpass. This work will not be funded through the LGF, but the benefits of the project will not be fully realised until these commercial and residential units have been constructed and are in use.
- 3.3. The Grays South project is intended to improve public safety, create a fully compliant and unimpeded route under the railway line, improve connectivity between different modes of travel within Grays Town Centre and to deliver high quality public realm. Key benefits of the project as set out in the original Business Case included:
  - 3.3.1. enabling delivery of 84 homes and 1,279 sqm of retail floorspace by 2025;
  - 3.3.2. supporting commercial development in Grays by creating a more attractive town centre and higher quality commercial space.
- 3.4. The Grays South project has been awarded a total of £10.84m LGF to support delivery of the new underpass. This funding was awarded in two tranches, with the initial £3.7m awarded in February 2019 following submission of an outline Business Case. The second tranche of £7.1m was awarded in November 2019 following submission of a Full Business Case.
- 3.5. In February 2022, the Board received an update on the delivery of the project. This update identified that the total project cost had increased from £28.7m (as set out in the Full Business Case considered by the Board in November 2019) to £37.9m.
- 3.6. Under the terms of the SELEP Assurance Framework, an increase in total project cost of this scale (prior to award of construction contract) must be approved by the Board. However, the scale of the cost increase also gave rise to concerns regarding the ability of the project to continue to offer High value for money as is required and therefore a revised Value for Money calculation was required before the Board could agree the increase in total project cost.
- 3.7. A revised Value for Money assessment was presented at the May 2022 Board meeting, and this concluded that the project continued to offer High value for money, with a revised BCR of 2:1. The original BCR as set out in the Full Business Case was 2.4:1 so, as would be expected, there has been a reduction in the BCR offered by the project.

## LGF High Risk Project Update report

- 3.8. At the meeting in April 2023 the Board were updated on the current position of the Grays South project which included a review of all regeneration priorities in Grays and a review being undertaken by Inner Circle Consulting in conjunction with Thurrock Council and the Government appointed Commissioners (Essex County Council).

### Improvement and Recovery Plan

- 3.9. The Improvement and Recovery Plan was formulated out of the initial report produced by the Commissioners. As part of the Improvement and Recovery Plan, the Council is required to review all of their major capital projects, including those that make up the Regeneration programme. This is with a view to ensuring delivery capacity and financial control and to ensure that robust governance arrangements are in place. This will enable Thurrock Council to clarify what aspects of the revised strategic growth plan it is going to enable or facilitate and which major projects the Council will continue to deliver directly, recognising the financial constraints it is operating under and the need to facilitate more and directly deliver less.
- 3.10. In the light of the Improvement and Recovery Plan, it would be important to ask whether the Grays South project in its current form is still the right one to pursue or if the current design proposal could be either scaled back or delivered in a different form to achieve the same SELEP funding outputs, outcomes and benefits, whilst reducing further financial exposure to Thurrock Council. Key to this engagement will be discussions with Network Rail and c2c on the current design, delivery and funding options.

### Inner Circle Consulting Review

- 3.11. The Board were advised that the Inner Circle Consulting review involved a strategic review of regeneration priorities in Grays Town centre, undertaking a technical review of the background documentation. Interviews would take place with number of strategic stakeholders, whose input was being sought on defining the strategic priorities. These stakeholders included Network Rail; c2c; New River Retail; Morrisons Supermarket; South Essex College; Thurrock Adult Community College (TACC); the Association of South Essex Local Authorities (ASELA); Grays Business Partnership; and key community and civic stakeholders.
- 3.12. The Board were further advised that fundamental to the Inner Circle Consulting led review would be a consideration of both the scale and programming of the major capital projects in the town centre programme, including the Grays South scheme. The Grays South project was conceived in a different economic climate and assessed against a different appetite for risk.

### Internal Gateway Readiness Review

- 3.13. The Internal Gateway Readiness review is an internal Thurrock Council piece of work and will focus on the method of construction, impact of cost price inflation, utility diversion costs and the current imbalance in stakeholder funding contributions for the capital programme.
- 3.14. Information from the Implementation and Recovery Plan and Inner Circle Consulting review will help to inform the Internal Gateway Readiness Review.

## LGF High Risk Project Update report

- 3.15. The Internal Gateway Readiness Review will use information from the updated costings prepared by Network Rail, as part of the GRIP 4 work. This will help to confirm the viability of the scheme.
- 3.16. It was reported to the April 2023 Board meeting that an indication of the initial findings would be provided to this meeting.
- 3.17. Thurrock Council advised that due to the ongoing reviews, set out above the project would be put on hold.
- 3.18. At the meeting in April 2023 the Board agreed to put the LGF spend on hold due to deliverability and affordability concerns and that the spend should remain on hold until it can be demonstrated that the project continues to comply with the requirements of the Assurance Framework.
- 3.19. Further information on the project can be found in Appendix A.

### **4. Project Update**

- 4.1. The project remains on hold with Thurrock Council which means that the activities closely followed by previous updates to the Board including land acquisition, publication of a Compulsory Purchase Agreement and determination of a planning application remain on pause.
- 4.2. The GRIP 4 information has been received from Network Rail and is currently being reviewed by the internal project team prior to conversations with the Thurrock Council Leader and relevant Portfolio Holder. Therefore, an update on the initial findings of the review cannot be presented at this meeting, as previously reported.
- 4.3. Thurrock Council officers will be meeting with their Leader and Portfolio Holder during July 2023 to discuss all of the information coming out of the reviews and the recommendations with regard to the GSRA scheme. It is intended that a further update will be provided to the Board in September 2023.

### **5. Potential scenarios for progressing the project**

- 5.1. As the outcomes of the Inner Circle Consulting Review and the Internal Gateway Readiness Review are unknown at this time, it is not possible to confidently identify the level of change that may be required to the project if it is to progress to delivery.
- 5.2. The SELEP Assurance Framework specifies (at BB.1.1) that 'any variations to a project's cost, scope, outcomes or outputs from information specified in the Business Case must be reported to the Accountability Board'. There are two key areas where this project may meet these changes:
  - 5.2.1. (vii). Any changes to total project costs above 30% which are identified prior to construction contract award, and
  - 5.2.2. (viii) any substantial changes to the expected project benefits, outputs and outcomes as agreed in the Business Case which may detrimentally impact on the value for money assessment.

## LGF High Risk Project Update report

- 5.3. In such circumstances, it is expected that the Business Case should be re-evaluated by the Independent Technical Evaluator. It should be noted any re-evaluation by the Independent Technical Evaluator would be charged to Thurrock Council, as the responsible upper tier authority.
- 5.4. Two potential scenarios are set out below to give an indication of what might be involved going forward. The scenarios are based on varying outcomes of the Inner Circle Consulting Review, with the Best Case scenario assuming minor changes to the design and the Worst Case scenario assuming that a complete redesign is required. In reality, a scenario mid-way between these two possibilities may be achieved.

### Best Case scenario

- 5.5. The Best Case scenario would be that the changes to the project are minor therefore enabling use of the change request process. There is a risk that this scenario will be too optimistic as the report has set out clearly that the original design proposal was undertaken in a different economic climate. A project change would need to be agreed through local partner governance processes currently in place at Thurrock Council, prior to submission to SELEP and must be ratified by the S.151 officer and senior responsible officer within Thurrock Council, as set out in the Assurance Framework at BB.1.6.
- 5.6. A change request would need to outline a clear set of designs for the proposed project, confirmation that a full funding package is in place, ensure that the project meets the Value for Money guidelines set out in the Assurance Framework (bearing in mind the project went through a value for money assessment in 2022 which showed the project achieved a benefit cost ratio of 2:1 which is on the limit of what is acceptable under the requirements of the Assurance Framework) and includes milestones showing a clear route to delivery of the benefits set out in the original Business Case.
- 5.7. It is unclear how long a project change request might need to move through the current governance processes at Thurrock Council, including the procurement of a consultancy to conduct the work.
- 5.8. Once the outcome of the reviews are fully understood it may be possible to shorten the indicative timetable set out at Table 1.

*Table 1: Indicative Timeline – Best Case Scenario*

Task	Timeline
Discussions with new Leader and Portfolio Holder at Thurrock Council	July 2023
Discussion with SELEP, Accountable Body and Thurrock Council to agree the way forward	August 2023
Discussion and agreement with Stakeholder Group	August 2023
Possible further decisions required through Thurrock Council governance processes	October 2023
Submit Project Change request to SELEP for independent technical evaluation	29 November 2023
Present to Accountability Board for consideration	16 February 2024

- 5.9. Under this scenario the project will continue and a project change request will be submitted to SELEP at the end of November 2023 to complete the independent technical evaluation process before being considered by the Board at its meeting in February 2024.
- 5.10. Once the project team have digested the outcome of the reviews and discussed/agreed with Thurrock Council members the way forward, it will become clearer whether this scenario can be taken forward and whether a shortened timeline is achievable.
- 5.11. There will be an obligation on Thurrock Council to keep SELEP and the Accountable Body up to speed on decisions being taken, and as such the timeline shows a meeting scheduled in August 2023.

#### Worst Case Scenario

- 5.12. This scenario looks at a possibility whereby the proposal contained within the original Business Case is considered unrealistic and a new proposal is brought forward. The Assurance Framework states at BB.1.3., where there is a change to the nature of the project outcomes to be delivered through the intervention, or there is a change to the theme of the project, then this will be treated as the cancellation and introduction of a new project rather than a project change.
- 5.13. Further at BB1.4. the Assurance Framework states where it is less apparent as to whether there is a project change or whether a new project is being developed, then the Board will be asked to consider these decisions on a case by case basis.
- 5.14. It is unlikely that a new Business Case or updated Business Case could be completed, assessed by the ITE and considered by the Board prior to or at the February 2024 Board meeting. The work involved and expected risks around funding would be too onerous.
- 5.15. That being the case and with the current uncertainties around the LEP's future, a report will need to be brought to the February 2024 Board meeting that sets out expectations as to how the project will be managed going forward in respect of the LGF spend and its compliance with the SELEP Assurance Framework.
- 5.16. An indicative timeline is set out in Table 2.

*Table 2: Indicative Timeline - Worst Case scenario*

Task	Timeline
Discussions with new Leader and Portfolio Holder at Thurrock Council	July 2023
Agree the way forward with Thurrock Council cabinet	September 2023
Confirmation of way forward and agreement with Stakeholders	September 2023
Discussion with SELEP and Accountable Body	Early October 2023
Update to SELEP Accountability Board around the status of project	17 November 2023
Report to Accountability Board	16 February 2024




- 5.17. Regular updates on the project will be provided at all Board meetings and, if there is a need, the Board will be asked to consider at the November 2023 meeting if the change to the project is so significant that it needs to be considered as a new project. In this situation the Board will be asked to agree whether they are prepared to accept a Business Case for a new project or if the LGF funding should be returned for reallocation to alternative projects.

#### Summary

- 5.18. The actions required under the Best Case scenario are more straightforward, however, this scenario would require a clear understanding of the way forward very quickly after the Thurrock Council discussions in July 2023, in order that an update can be provided to the September 2023 Board meeting.
- 5.19. The Worst Case scenario will potentially involve a complete rethink of the project and its deliverables which will require development of a new design which will need to feed into the provision of a new Business Case. Whatever the decision taken by Thurrock Council, under this scenario, it is unlikely that delivery of the project will be moved forward at speed.
- 5.20. It should be noted that LGF spend will remain on hold until Thurrock Council have confirmed the preferred option for delivering the project and have demonstrated to the Board that the project continues to meet the requirements of the SELEP Assurance Framework. This means that, based on the Best Case scenario outlined above, the LGF spend will remain on hold until at least February 2024.


## 6. RAG Rating Table

Table 3: Summary of key project risks and milestones

Risk	RAG rating (March 2023)	Change since last Board meeting	Current RAG rating (June 2023)	Progress & Actions
The project is now part of the overall review of Grays capital projects. It is unclear how the project will be brought forward in order that it delivers the benefits set out in the original Business Case. This risk supersedes the previous risk around planning, land acquisition and publication of the CPO which will have to be revisited once the various reviews of capital projects have been decided.	Red		Red	Following the conclusion of the review of the GSRA there will be a clearer understanding of the way forward and how the project will be delivered, including costs. Two potential scenarios have been discussed in this report which set out possible ways forward.
The GRIP 4 information being provided by Network Rail may show a considerable project cost increase	Amber		Amber	The GRIP 4 information has been received from Network Rail and is currently being reviewed by the internal project team prior to conversations with the Thurrock Council Leader and relevant Portfolio Holder
Project Budget/Cost – detailed design has not yet been completed and therefore there is a risk that project costs could rise.	Red		Red	Currently the project is on hold and at risk of increased costs. Part of the Inner Circle Consulting review will lead to a clearer understanding of what the project scope will be.



## LGF High Risk Project Update report

Increased costs or a design review, which might change the scope of the project, either of which could impact on Value for Money and reduce the benefits expected in the original Business Case. This could risk the LGF allocation being removed from the project	Red		Red	Ensure that the review establishes a way forward that secures the original benefits as well as retains a High Value for Money assessment.
--	-----	---	-----	---

6.1. The dates within the Milestone Table 4, below, reflect those in the Worst Case Scenario at Table 2 above.

*Table 4 – Milestone RAG ratings*

	<b>Milestone Completion Date (April 2023)</b>	<b>Milestone Completion Date (June 2023)</b>	<b>Change in milestone date (RAG rating)</b>	<b>Commentary</b> (To include: % of milestone achieved to date)
Completion of Inner Circle Consulting review	March 2023 (draft report received)	March 2023	Green	The Inner Circle Consulting report has been received and will be consulted on with the new Leader and Portfolio Holder.
Agreement with Network Rail on GRIP 4 costings	May 2023	June 2023	Amber	The GRIP 4 Costings have been received and are being scrutinised prior to discussions with the Leader and Portfolio Holder.
Discussions with new Leader and Portfolio Holder at Thurrock Council	N/A	July 2023	N/A	Discussions between them and officers will take place with an agreement on the way forward.
Agree the way forward with Thurrock Council cabinet	N/A	September 2023	N/A	A decision expected to be taken to Thurrock Cabinet - 13 September 2023.

## LGF High Risk Project Update report

Confirmation of way forward and agreement with Stakeholders	N/A	September 2023	N/A	This action will be completed post 13 September 2023 Cabinet meeting
Discussion with SELEP, Accountable Body and Thurrock Council to assess the way forward	N/A	Early October 2023	N/A	This will discuss what might need to be considered by the Board at its meeting in February 2024, as set out under the Worst Case Scenario section of this report.
Update to SELEP Accountability Board around the status of the project	N/A	November 2023	N/A	General update on the project including project status.
Report to SELEP Accountability Board around the status of the project	N/A	February 2024	N/A	Update on project that includes an explanation as to how the project will be managed going forward in respect of the LGF spend and its compliance with the SELEP Assurance Framework.

## **7. Next Steps**

- 7.1. As set out in section 4 GRIP 4 information has now been received from Network Rail and is currently being reviewed internally prior to a full update to the new Leader and Portfolio Holder. As matters progress there will be an obligation on Thurrock Council to keep SELEP and the Accountable Body updated on how the project will develop going forward.
- 7.2. An update on the current status of the project will be provided to the Board in September 2023.

### **A28 Sturry Link Road**

## **8. Summary Position**

- 8.1. The project involves the delivery of a new link road between the A291 and A28, to the southwest of Sturry, Canterbury. The LGF is due to contribute to the cost of constructing a bridge over the railway line and the Great Stour River, to enable traffic to avoid the Sturry level crossing and the congested road network in the area. Further information on the project can be found in Appendix B.
- 8.2. The Board approved the award of £5.9m LGF to the project in June 2016 but delivery of the project has progressed at a slower rate than expected as a result of planning complications and other delivery risks.
- 8.3. In November 2021, the Board agreed that the deadline for the completion of the required land acquisition could be extended to 31 August 2023, from 31 March 2023, and that the remaining £4.656m LGF could be transferred to Kent County Council on the condition that this updated land acquisition deadline is met.
- 8.4. At the July 2022 meeting the Board were advised that the current workstreams, including land acquisition and procurement of a Design and Build contractor, are subject to extended programmes and therefore there was a high likelihood of there being no significant progress to report if update reports continued to be tabled at each Board meeting. The Board agreed that updates should be provided at alternate meetings, as long as no significant new risks are identified.
- 8.5. At the April 2023 meeting the Board were advised that although the procurement of the design and build contractor was well advanced and an award of contract was expected to be confirmed shortly after the meeting there were issues that had arisen. Environmental surveys required were ongoing and would continue as a mitigation strategy was being put into place. However, the Board were also advised of a delay to the Sturry development, details of which were set out in a confidential appendix, this had resulted in a major impact on the date of publication of the CPO and thereby had forced the timeline for the completion of the land acquisition out beyond the previously agreed completion date of 31 August 2023. The Board agreed to further extend the completion of the land acquisition to 7 April 2025 and the completion date for the project to 31 December 2026. This would allow sufficient time to complete land acquisition and to deal with any other matters that may arise going forward.
- 8.6. This report will give an update on the following:

## LGF High Risk Project Update report

- 8.6.1. progress towards the completion of the land acquisition process; and
- 8.6.2. an update on land negotiations between the developer and the land owner towards agreeing a way forward on the Sturry Site.
- 8.6.3. progress toward securing planning permission on the North Hersden development.

## 9. Project Update

- 9.1. The Board were previously advised that site clearance and environmental mitigation works would continue and would be used to discharge planning conditions. The presence of beavers identified along the section of the river Stour through Sturry meant that additional surveys were being planned to better understand their activity around the area of the Sturry Link Road. Other surveys related to the presence of Desmoulins snails, otters and badgers required a mitigation strategy that was being put in place and would last for the duration of the project, including construction. This work is ongoing.
- 9.2. The notification to award the design and build contract was issued on 21 April 2023. The contracts are due to be signed on 5 June 2023; therefore, a verbal update will be given at the meeting to confirm this has been completed. The contract has a break clause between the design and construction phases that could be implemented if necessary.

### Dependent developments

#### 9.2.1. Broad Oak

- 9.2.1.1. As reported at the April 2023 Board meeting this development continues to be built out and instalments of S.106 are being paid to Kent County Council.

#### 9.2.2. Sturry

- 9.2.2.1. As reported at the April 2023 Board meeting the S106 agreement is in place to provide the developer contributions and to deliver the part of the Sturry Link Road that runs through the site.
- 9.2.2.2. Although the Heads of Terms have been agreed between the promoter of the Sturry site and the housebuilder, including a commitment to deliver the part of the Sturry Link Road which runs through the development, issues have arisen as set out to the Board in a confidential appendix at the April 2023 meeting. It was reported then that these negotiations will be concluded by the end of June 2023, this is still expected to be the case. A further update will be given at the September 2023 meeting.
- 9.2.2.3. The Board were made aware that the timelines for both this development and completion of the project were now aligned with the updated programme submitted by Kent County Council and can be found in Appendix B.

#### 9.2.3. North Hersden




- 9.2.3.1. At the previous meeting in April 2023 the Board were advised that a planning application had been submitted to Canterbury City Council for determination with a decision expected in June 2023. This is now unlikely as there is still a need to resolve nutrient neutrality issues with Natural England. Nutrient neutrality is a means of ensuring that a development plan or project does not add to existing nutrient burdens within catchments, so there is no net increase in nutrients as a result of the plan or project. The revised date for a decision is September 2023.
- 9.2.3.2. A Section 106 agreement will be required in line with the agreed Heads of Terms between the developer Persimmon Homes and Kent County Council. This will obligate the developer to contribute financially to the Project.
- 9.2.3.3. Should the planning application be refused, the requirement for Kent County Council borrowing to forward fund the Project will be increased, whilst alternative funding sources are identified. The decision on planning does not affect the publication of the CPO.

#### Land Acquisition – CPO and Voluntary Negotiations




- 9.3. The Board were updated on the need to delay the publication of the CPO at the meeting in April 2023, this necessitated an agreement from the Board to extend the period for the completion of land acquisition from 31 August 2023 to 7 April 2025. Publication of the CPO was pushed out to September 2023 due to, primarily, the ongoing negotiations between the developer and landowner of the Sturry site around how planning conditions would be met. As set out in this report and in the previous report in April 2023 the outcome is expected towards the end of June 2023, with an update to the Board at the meeting in September 2023.
- 9.4. In the meantime, Carter Jonas continue to lead on the voluntary land acquisition negotiations with impacted landowners and as previously reported to the Board the majority of land could be acquired through voluntary negotiation.
- 9.5. A revised programme was tabled at the meeting in April 2023 and it remains unchanged.

## 10. RAG Risk Template

*Table 5 Summary of key project risks and milestones*

Risk	RAG rating (April 2023)	Change since last Board meeting	Current RAG rating (June 2023)	Progress & Actions
Project Programme – Delays connected to procurement of Design and Build contractor, increased levels of environmental surveys required and additional time required for land acquisition due to a delay in progressing the Sturry site.	Red		Amber	Design and build contract awarded. Environmental surveys are ongoing
Project Budget/Cost increase – risk of increase in total project cost as contract is not yet in place with the design and build contractor, (expected 5 June 2023). Also, tender submissions have demonstrated that costs have risen.	Red		Amber	The revised budget has been updated based on successful tender. There is an increase on budget that is offset by indexation of developer contributions through the s106 agreements. Value engineering will be explored during the detailed design phase to ensure the Project cost is in line with the available budget.
Land Acquisition – risk that land acquisition will not be completed in accordance with the timeline agreed by the Board	Red		Amber	Preparation of CPO is ongoing in line with the agreed programme, with planned date for publication of CPO September 2023 and a Secretary of State decision expected no later than 7 April 2025 prior to construction in April 2025. The extension to the 7 April 2025 was agreed by the Board at their meeting in April 2023.

## LGF High Risk Project Update report

Delay to the programme of the Sturry Development delivering part of the Sturry Link Road	Amber		Amber	The site owner and developer still need to close out some of the conditions on the planning consent for the Sturry site. There has been a delay of approximately 12 months on their programme. This has had a consequence on the programme for the delivery of the Kent County Council section of the Project, but the two programmes are now aligned.
Nutrient Neutrality strategy submission delaying determination of planning application of North Hersden development	N/A		Amber	A revised nutrient neutrality mitigation is being developed for submission
Forward Funding requirement. To enable the programme to progress there is a need for forward funding to be provided ahead of receipt of all agreed developer contributions. The current financial climate means that there are other pressures on Kent County Council for its resources alongside the need to facilitate forward funding for the Project.	Amber		Amber	As reported in April 2023 a 12 month delay to the start date of the construction enables the developer funding to be received or an alternative borrowing agreement put in place.
Presence of Beavers – recently identified as a European protected species – which could impact on the design and delivery of the Project. Other species require mitigation measures too, including	Amber		Amber	Surveys are being undertaken to identify the presence and activity of Beavers where the river Stour passes the proposed viaduct. Investigation and mitigation including discussions with Kent Wildlife Trust and the East Kent Beaver Advisory Group are ongoing.

LGF High Risk Project Update report

Desmoulins snails, otters and badgers.				
--	--	--	--	--



## LGF High Risk Project Update report

	<b>Milestone Completion Date (April 2023)</b>	<b>Milestone Completion Date (June 2023)</b>	<b>Change in milestone date (RAG rating)</b>	<b>Commentary</b> (To include: % of milestone achieved to date)
Assess and award the Design and Build contract	April 2023	April 2023	Green	Intent to award issued 21 April 2023, contracts exchanged, awaiting signing.
Completion of negotiations around how planning conditions would be met between the developer and landowner of the Sturry site	June 2023	June 2023	Green	The developer has indicated that they are committed to deliver the development however formal contracts still need to be signed and development commenced.
Determination of the North Hersden Planning application	June 2023	September 2023	Amber	The planning application has been submitted and is due to be determined in Summer 2023. Determination in June 2023 is unlikely as there is still a need to resolve Nutrient Neutrality issue and a strategy is being developed
Completion of design phase	March 2024	March 2024	Green	The design phase is on track to be completed in line with the agreed programme
Approval of design and confirm price	April 2024	April 2024	Green	No change from agreed programme
Environmental mitigation works	December 2024	December 2024	Green	Work is ongoing to progress the environmental mitigation works. This piece of work will require ongoing updates throughout the design process. This does not impact on the programme

## LGF High Risk Project Update report

				for delivery of the project. Ongoing, but engagement with Kent Wildlife Trust and the East Kent Beaver Advisory Group has been set up.
Completion of required land acquisition	April 2025	April 2025	Green	Land negotiations alongside CPO process continue. CPO to be published September 2023. Completion has been moved out to April 2025, to allow for a worst case scenario, but prior to works commencing on site.  60% of the land has been committed by way of a S.106 agreement.
Construction commencement	April 2025	April 2025	Green	No change from agreed programme.
Completion of works	December 2026	December 2026	Green	No change from agreed programme

## **11. Next Steps**

- 11.1. The voluntary land acquisition negotiations will continue, alongside the development of the CPO, which will be published in September 2023.
- 11.2. Negotiations with the successful tenderer have completed. This was followed by a period of due diligence; contracts have been exchanged and are due to be signed by 5 June 2023. An update will be provided at the meeting.
- 11.3. Environmental mitigation works are ongoing, as set out at 9.1.
- 11.4. A further update on the project will be provided at the September 2023 meeting and will include an update on:
  - 11.4.1. Confirmation that negotiations between the developer and land owner on the Sturry site have concluded successfully.
  - 11.4.2. Confirmation of the status of the planning application for the North Hersden development; and
  - 11.4.3. Confirmation that the CPO has been published or is ready for publication.

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

- 12.1. There continue to be a number of challenges to completion of the projects in this report, albeit that the majority of the LGF has been spent to date; this presents risks on assuring delivery of the expected outcomes, given the lack of certainty on the timelines for completion of the projects.
- 12.2. In addition to the specific challenges outlined in this report, the Board should be aware of wider risks in 2023/24 and beyond which may impact delivery of outcomes due to difficulties experienced by projects as a result of Brexit, COVID-19, economic uncertainty and inflation.
- 12.3. To mitigate these risks, the Board is advised to keep under review the delivery progress of these projects and to take this into account with regard to any further funding decisions made.
- 12.4. Essex County Council, as the Accountable Body, is responsible for ensuring that the LGF funding is utilised in accordance with the conditions set out by Government for use of the Grant.
- 12.5. All LGF in respect of the two projects considered has been transferred to Thurrock Council and Kent County Council respectively, as the Project Lead Authorities; the funding has been transferred, under the terms of a Service Level Agreement (SLA) which makes clear that funding can only be used in line with the agreed terms.
- 12.6. The Agreements also set out the circumstances under which funding may have to be repaid should it not be utilised in line with the conditions of the grant or in accordance with the Decisions of the Board.

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

## LGF High Risk Project Update report

13.1. The grant funding will be administered in accordance with the terms of the Grant Determination Letter between the Accountable Body and Central Government and required to be used in accordance with the terms of the Service Level Agreements between the Accountable Body and Partner Authorities. If a project fails to proceed in line with the conditions of the SLA or grant conditions from Central Government, the Accountable Body may clawback funding for reallocation by SELEP Ltd. This report asks the Board to note the current position, so there are no significant legal implications arising from the proposals set out in this report.

### 14. Equality and Diversity Implications

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

### 15. List of Appendices

- 15.1. Appendix A – Grays South - Project Background Information
- 15.2. Appendix B – A28 Sturry Link Road Project Background Information

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

Role	Date
<b>Accountable Body sign off</b>  Michael Neumann  (on behalf of Nicole Wood, S151 Officer, Essex County Council)	  08/06/2023