

Report title: Getting Building Fund Capital Programme update	
Report to: Accountability Board	
Report author: Helen Dyer, SELEP Capital Programme Manager	
Meeting date: 16 June 2023	For: Decision
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SELEP Partner Authority affected: All	

1. Purpose of report

- 1.1. The purpose of this report is for the Accountability Board (the Board) to consider the overall position of the Getting Building Fund (GBF) capital programme. The report includes an update on those projects which have received approval for retention of GBF funding beyond March 2022 and provides an update on GBF spend to date.

2. Recommendations

- 2.1. The Board is asked to:
- 2.1.1. **Note** the current forecast spend across the GBF programme for the 2023/24 financial year of £7.979m (excluding GBF funding which is not currently allocated to projects), as set out in Table 1.
 - 2.1.2. **Agree** the reported GBF spend on project delivery in 2022/23 of £15.508m, as set out in Table 1 and Appendix A.
 - 2.1.3. **Note** the deliverability and risk assessment, as set out in Appendix C.

3. Summary Position

- 3.1. Since the commencement of the GBF programme, the Board has agreed the removal of the following four projects from the GBF programme:
- 3.1.1. Fast Track Business Solutions for the Hastings Manufacturing Sector project – GBF allocation £3.5m
 - 3.1.2. Riding Sunbeams Solar Railways project – GBF allocation £2.5275m
 - 3.1.3. Laindon Place project – GBF allocation £0.79m
 - 3.1.4. Swan Modular Housing Factory project – GBF allocation £4.53m

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- 3.2. A project pipeline was developed at the outset of the GBF programme and this pipeline was used to facilitate the reallocation of the £3.5m funding originally allocated to the Fast Track Business Solutions for the Hastings Manufacturing Sector project. The reallocation of this funding exhausted the agreed GBF pipeline, prompting the need for the creation of a new pipeline to enable the reallocation of any further funding returned to SELEP.
- 3.3. In August 2022, the Strategic Board agreed that the available GBF funding should be used to support existing GBF projects which have experienced cost increases due to high levels of inflation and the impacts of the COVID-19 pandemic and Brexit. In addition, applications for GBF funding were invited from existing GBF projects which were seeking to deliver further phases of the project.
- 3.4. The new GBF prioritised project pipeline, with the exception of the Success Essex projects, was agreed by the Strategic Board on 21 October 2022. The inclusion of the Success Essex projects was agreed via Electronic Procedure on 10 November 2022.
- 3.5. The new project pipeline has been used to facilitate the reallocation of the majority of the funding returned to SELEP as a result of the project cancellations referenced above. However, the pipeline has now been exhausted and there continues to be an unallocated GBF balance of £2.049m. An approach to reallocating the available GBF funding needs to be established.
- 3.6. The original purpose of the GBF funding was to support shovel ready projects which could be delivered by 31 March 2022 and therefore it is not considered appropriate to repeat the process used in late 2022 to create the new pipeline as this essentially penalises those projects which have delivered in accordance with the expectations of the fund. In addition, there are significant resource implications for all involved parties should a similar prioritisation process be run again. The impact on available resources will be further intensified as a result of the need to progress a further round of the Growing Places Fund (GPF) in 2023/24. There is currently insufficient capacity within the SELEP team to manage two separate funding processes running in parallel.
- 3.7. As a result of these factors, advice was sought from Government as to whether the remaining unallocated GBF funding could be combined with the available GPF funding, therefore allowing the award of all available funding to be managed through one process.
- 3.8. The advice received from Government indicated that as the GBF funding is un-ringfenced, technically the funding can be used by LEPs in any way they choose, as long as the conditions of the Grant Determination Letter are met, which, in effect, requires that the funding is used for Capital Investment. Government officials indicated that it would appear sensible, given that a new round of GPF is planned anyway, to combine the available GBF and GPF funding to increase the level of funding available through the funding round. There would be a requirement for the GBF element of the funding to be ringfenced for capital projects which are GBF compatible (shovel ready projects with short delivery programmes) and for Government to be fully informed as to the decisions being taken.
- 3.9. In light of this advice and following engagement with the Section 151 Officer of the Accountable Body, it was recommended to the Strategic Board that the award of the

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available GBF funding is managed alongside the award of the available GPF funding, allowing one combined process to be undertaken. This approach was agreed by the Strategic Board at their February 2023 meeting, subject to consideration being given to all comments made during the meeting (as outlined in the draft Strategic Board minutes).

- 3.10. Subsequent to this Strategic Board decision, Central Government made the announcement in the annual Budget that they were minded to not provide any further core funding for LEP's after 2023/24 and that LEP functions should be integrated into Local Authorities. Government have been conducting an information gathering exercise to inform the next steps towards integration with a view to setting out their position prior to Parliament's Summer recess.
- 3.11. Whilst awaiting further information from Government, there has been a need to undertake a significant amount of work to establish how SELEP operations can be effectively integrated into Local Authorities, whilst safeguarding key activities which need to be conducted at a regional level. This work has included a review of options for use of the available GPF funding, and by extension the GBF funding, and it is intended that proposals will be presented to the Strategic Board at their meeting in July 2023. Prior to the Strategic Board meeting, discussions will be held with both officers and Board members with regard to both the proposed integration arrangements and the optimal use of the available capital funding.

4. Getting Building Fund spend position

- 4.1. At the outset of the programme there was a clear expectation from Government that the GBF funding should be spent in full by 31 March 2022. However, the construction industry has been significantly impacted by the COVID-19 pandemic and projects have experienced a range of issues including:
 - 4.1.1. Labour and materials shortages
 - 4.1.2. Increasing costs
 - 4.1.3. Extended lead in times for materials and extended response times from utility providers.
- 4.2. Due to these issues, it was not possible to achieve full GBF spend by 31 March 2022. Consequently, Government revised their expectations and required full GBF spend by 31 March 2023. To this end, in July 2021, the Board agreed that GBF funding could be retained against projects beyond March 2022 for a maximum period of 6 months and a number of projects sought permission to retain their GBF funding to September 2022. Subsequently, the Board agreed that in exceptional circumstances projects could be granted a further extension on GBF spend. In accordance with the expectations of Central Government, the maximum extension available to any project in the GBF programme was to 31 March 2023.
- 4.3. At the November 2022 Board meeting, all projects appeared to be on track to complete their GBF spend by 31 March 2023 as required. However, since that meeting, the situation has changed as outlined at the January 2023 Board meeting.

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- 4.4. In December 2022, Swan Housing advised Essex County Council of their intention to close their modular housing arm therefore negating the need for their new modular housing factory that was being supported with GBF funding. As a result of this decision, in January 2023, the Board approved the removal of the project from the GBF programme and required the return of the full £4.53m funding award for reallocation to alternative projects.
- 4.5. As detailed in Section 3 of this report, the funding removed from the Swan Modular Housing Factory project has been reallocated to support all remaining projects on the new GBF prioritised project pipeline. This pipeline has now been exhausted but £2.049m GBF remains unallocated. A new process to support the reallocation of this funding will need to be established and agreed by the Strategic Board before it can be implemented and therefore it was not possible for the remaining £2.049m GBF to be spent by 31 March 2023.
- 4.6. In light of this development, advice was sought from Government as to their position with regard to any GBF spend which extended beyond 31 March 2023. The advice received from Government was as follows: *'LEPs do have the ability to move GBF funding into 23/24. Ultimately the decision lies with the Accountable Body's Section 151 Officer. If they are content to move funding into 23/24, then we would go with that decision.'*
- 4.7. After due consideration and engagement with the Section 151 Officer for the Accountable Body, it was agreed to allow GBF spend to extend into Q1 2023/24 in exceptional circumstances but that spend should be complete by 30 June 2023 at the latest. This applies to all existing projects within the GBF programme. An alternative timeline for spend of the currently unallocated funding will be agreed as part of the reallocation process.
- 4.8. Whilst the proposed approach to managing the reallocation of the available GBF funding is in line with the advice received from Government, the outcome of SELEP's Annual Performance Review did identify a concern regarding the continuation of GBF spend into 2023/24. It is therefore important that efforts continue to be made to reallocate the available GBF funding and complete spend at the earliest possible opportunity.
- 4.9. The Board has agreed that GBF funding can be retained against 9 projects to 30 June 2023, including Extension of the full-fibre broadband rollout in Essex to reach rural and hard to reach premises, Enterprise Centre for Horizon 120 Business Park, Jaywick Market and Commercial Space, Tendring Bikes and Cycle Infrastructure, Tindal Square Chelmsford, Techfort – Phase 2, Better Queensway, South Essex No Use Empty and ASELA LFFN Phase 3.
- 4.10. Whilst all 9 projects are currently forecasting full spend of their GBF funding allocations by 30 June 2023, it should be noted that there is a risk in relation to the spend of additional GBF funding awarded in January 2023 to 5 Essex projects (Extension of the full-fibre broadband rollout in Essex to reach rural and hard to reach premises, Enterprise Centre for Horizon 120 Business Park, Jaywick Market and Commercial Space, Tendring Bikes and Cycle Infrastructure and Tindal Square Chelmsford).
- 4.11. As indicated at the last Board meeting, Essex County Council (as responsible Upper Tier Local Authority) experienced delays in securing the return of £3.071m GBF funding which had already been released to Swan Housing to support delivery of the Modular Housing

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Factory project. This funding has now been returned in full and continues to be held by Essex County Council (as Accountable Body for SELEP). £1.297m of this GBF funding is due to be released to Essex County Council (as responsible Upper Tier Local Authority) to support delivery of the projects listed at Section 4.10 of this report. However, this funding cannot be released until all required internal governance processes have been completed by Essex County Council (as responsible Upper Tier Local Authority) and therefore, depending upon the time required to complete the necessary governance, it may not be possible for the funding to be spent in full by 30 June 2023 as previously agreed by the Board.

- 4.12. All other projects in the GBF programme have reported full spend of the GBF funding by 31 March 2023.
- 4.13. Table 1 below sets out the updated GBF spend forecast for 2022/23 and 2023/24. This table takes into account the extended GBF spend profiles for all projects forecasting spend beyond March 2022 and assumes full spend of the allocated GBF funding by 30 June 2023. The currently unallocated GBF funding is shown in the table but the timeline for spend of this funding is yet to be confirmed.
- 4.14. It should be noted that GBF quarterly reporting was not provided by Medway Council in advance of this meeting and therefore the information included within this report and the accompanying appendices may not reflect the latest position.

Table 1: Summary GBF spend forecast - all years (£m)

GBF (£m)						
Local Authority	Actual GBF spend - 2020/21	Actual GBF spend - 2021/22	Actual GBF spend - 2022/23	Forecast GBF spend - Q1 2023/24	GBF Total Allocation	% of GBF funding spent by 31 March 2023
East Sussex	1.656	2.437	1.999	0.000	6.092	100.0%
Essex	3.497	13.256	6.607	1.691	25.051	93.2%
Kent	6.201	27.179	5.409	0.850	39.639	97.9%
Medway	0.205	2.563	0.400	0.000	3.168	100.0%
Southend-on-Sea	0.000	0.000	0.462	5.438	5.900	7.8%
Thurrock	0.946	1.523	0.631	0.000	3.100	100.0%
Unallocated	0.000	0.000	0.000	0.000	2.049	0.0%
Total	12.505	46.958	15.508	7.979	85.000	88.2%

- 4.15. Reported GBF spend in 2022/23 was lower than forecast but shows a significant increase compared to the level of GBF spend reported at the last Board meeting (£7.373m). At the outset of the financial year, spend of £18.238m was forecast whereas actual spend reported totals £15.508m. This reduction in spend compared to the forecast is reflective of the number of projects which have sought approval for retention of their GBF funding allocation to 30 June 2023 and demonstrates the impact of reallocation decisions taken during the course of the year.

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- 4.16. Table 1 demonstrates that 5 of the 6 Upper Tier Local Authorities within the SELEP area achieved more than 90% of their GBF spend by 31 March 2023. By contrast, Southend-on-Sea City Council have only confirmed spend of 7.8% of their GBF funding allocation. This is due to a number of factors, including a delay in issuing the £4.2m GBF awarded to the Better Queensway project due to extended merger discussions involving Swan Housing (further details are provided in Agenda Item 8) and the late award of funding to the ASELA LFFN Phase 3 project. All 3 GBF projects in Southend have received approval to retain their GBF funding allocations to 30 June 2023, and assurances have been provided that all projects remain on track to complete their GBF spend in accordance with this decision.
- 4.17. It was intended that the Board would be asked to agree the 2022/23 year end position at this meeting, however, this will not be possible due to Medway Council failing to submit their quarterly reporting in time for inclusion in this report. Subject to all required reporting being received, the 2022/23 year end position will now be confirmed at the September 2023 Board meeting.
- 4.18. It should be noted that if any of the remaining 9 projects fail to complete their GBF spend by 30 June 2023, the affected projects will be operating outside the scope of the decisions taken by the Board resulting in their GBF funding being at risk. There would be a requirement for the Board to agree retention of the funding against the affected projects at the next Board meeting and if the extensions were not agreed, the funding spent other than in accordance with the decisions of the Board would need to be returned to Essex County Council, as Accountable Body for SELEP, for reallocation to alternative projects.
- 4.19. To date, 31 of the 40 projects included in the GBF programme have fully spent their GBF funding allocation.
- 4.20. 19 projects within the GBF programme have been reported as complete. A number of projects which have spent their full GBF allocation are ongoing due to spend of match funding contributions. This information is set out within Appendix C – Project deliverability and risk update.

5. Update on projects which have received approval for retention of GBF funding beyond March 2022

- 5.1. Updates on all projects which have received approval for retention of GBF funding beyond March 2022 will be provided at each Board meeting to ensure that the projects remain on track to complete GBF spend by 30 June 2023 at the latest.
- 5.2. To date, the Board has approved the retention of GBF funding beyond March 2022 against 21 projects and updates on all of these projects are provided in Appendix D.
- 5.3. The projects which are reporting GBF spend beyond March 2022 are all progressing, with 12 of the 21 projects reporting full spend of the GBF funding allocation by 31 March 2023. It is understood that all projects are still expected to be able to deliver in accordance with their agreed Business Case, but that additional time has been required and value engineering may need to be employed to enable this.

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- 5.4. The Extension of full-fibre broadband rollout in Essex to reach rural and hard to reach premises, Techfort – Phase 2, Better Queensway and No Use Empty South Essex projects have been identified as High risk and consequently a more comprehensive update is provided under Agenda Item 8.
- 5.5. There are five further projects which are reporting ongoing spend of GBF funding into 2023/24, including Enterprise Centre for Horizon 120 Business and Innovation Park, Jaywick Market and Commercial Space, Tendring Bikes and Cycle Infrastructure, Tindal Square Chelmsford and ASELA LFFN – Phase 3.
- 5.6. Whilst assurances have been provided with regard to completion of GBF spend by 30 June 2023, there is an identified risk (as set out in Section 4.11 of this report) that spend of the GBF funding allocated to the Enterprise Centre for Horizon 120 Business and Innovation Park, Jaywick Market and Commercial Space, Tendring Bikes and Cycle Infrastructure and Tindal Square Chelmsford projects will not complete by 30 June 2023. This risk will be closely monitored and, if required, further decisions on these projects will be brought to the Board in September 2023.
- 5.7. Despite the identified spend risk, it is understood that delivery of the Jaywick Market and Commercial Space, Tendring Bikes and Cycle Infrastructure and Tindal Square Chelmsford projects is progressing well.
- 5.8. As the Board will recall, the ASELA LFFN Phase 3 project was awarded £500,000 GBF funding in November 2022. At the time of the funding decision it was agreed that the funding should be released to Thurrock Council, as had been the case with the ASELA LFFN Phase 2 project. However, shortly after this decision was taken, Thurrock Council issued a Section 114 notice as they were unable to balance their budget. As a consequence, alternative options for release of the funding were considered and the Board agreed that the funding should be released to Southend-on-Sea City Council, rather than Thurrock Council. This change in recipient delayed the completion of the required Variation Agreement which formalised the award of funding to the project, with this agreement not completed until 28 February 2023. ASELA were unable to contractually commit to delivering the project until the Variation Agreement was in place, which delayed the start of the project. However, the project is now progressing well and it is expected that the GBF funding will be spent in full by 30 June 2023.

6. Deliverability and Risk

- 6.1. Appendix C sets out a delivery update and risk assessment for all projects included in the GBF programme. This provides a detailed breakdown of the delivery progress for each project, relative to the expected completion dates, as set out in the original Business Cases.
- 6.2. The summary project risk assessment position is set out in Table 2 below. A score of 5 represents high risk (red) whereas a score of 1 represents low risk (green).
- 6.3. The risk assessment has been conducted for GBF projects based on:

- 6.3.1. **Delivery** – considers project delays, any delays to the delivery of the project outputs/outcomes and delays in submission of the required post scheme completion Monitoring and Evaluation reports. SELEP has considered the delay between the original expected project completion date (as stated in the project Business Case) and the updated forecast project completion date.
- 6.3.2. To ensure consistency with Government guidance on the assessment of GBF project deliverability risk, all projects with a greater than 3 month delay are shown as having a risk of greater than 4 (Amber/Red), unless the project has now been delivered and there is no substantial impact on the expected project outcomes delivery.
- 6.3.3. **Finances** – considers changes to project spend profiles, project budget, certainty of match funding contributions and the amount of GBF funding which remains unspent at the end of Q4 2022/23.
- 6.3.4. **Reputation** – considers the reputational risk for the delivery partner, relevant Upper Tier Local Authority and SELEP Ltd.

Table 2: Summary of GBF project risk

Risk Score	Number of projects	GBF allocation to projects (£m)	GBF spend forecast in 2023/24
Low Risk - 1	10	19.188	0.000
Low/Medium Risk - 2	13	22.254	0.642
Medium Risk - 3	10	17.710	0.863
Medium/High Risk - 4	3	15.252	0.118
High Risk - 5	4	8.547	6.356
Total	40	82.951	7.979

- 6.4. In total £8.547m GBF is allocated to High risk projects, with £6.356m of this funding unspent at the end of 2022/23. The currently unallocated GBF funding (£2.049m) has been included within Appendix C but a risk assessment has not been applied to this funding and as a result the GBF funding allocation in Table 2 does not add up to £85m.
- 6.5. A number of projects are considered to present a High financial risk due to the profiling of the GBF funding. Projects which are forecasting a high proportion of GBF spend in Q1 2023/24 have been assessed as Medium/High Risk or High Risk. If delivery is progressing to programme, these projects are not automatically assumed to be High Risk in all areas and are therefore not all reflected within the 4 High Risk projects identified in Table 2. These projects will be monitored closely, and the Board will be updated if, due to deliverability concerns, the overall project RAG rating increases.
- 6.6. The 4 High Risk projects identified in Table 2 are:

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- 6.6.1. Extension of the full-fibre broadband rollout in Essex to reach rural and hard to reach premises
- 6.6.2. Techfort – Phase 2
- 6.6.3. Better Queensway
- 6.6.4. No Use Empty South Essex
- 6.7. Extension of the full-fibre broadband rollout in Essex to reach rural and hard to reach premises, Techfort – Phase 2 and No Use Empty South Essex projects have been identified as High risk due to reported GBF spend to the end of 2022/23 being lower than forecast, resulting in higher levels of expected spend in Q1 2023/24. This presents a risk as the Board has previously agreed in conjunction with Essex County Council (as the Accountable Body for SELEP) that all GBF spend should be completed by 30 June 2023.
- 6.8. The Better Queensway project continues to be identified as High Risk as there is an outstanding requirement for Southend-on-Sea City Council to provide assurances regarding the ongoing delivery of the wider project following the completion of the merger between Swan Housing and Sanctuary Housing Association. It was anticipated that these assurances would be provided at this meeting, however, additional time has been required for Sanctuary Housing Association to complete their required due diligence and to review the business plan for the project. Once this work has completed, a more comprehensive update on the project will be provided to the Board, including the required assurances regarding delivery of the wider project.
- 6.9. An update on all 4 High risk projects is set out under Agenda Item 8.

7. GBF Programme Risks

- 7.1. In addition to project specific risks, Appendix B sets out the overall programme risks. A key risk relates to the affordability of the GBF projects following widespread reports of increased materials and labour costs following the COVID-19 pandemic. This has been further exacerbated by extended lead in times for some materials, rising inflation and extended response times from utility providers and other statutory bodies. These factors have led to a delay in delivery for a number of the GBF projects and have resulted in a number of projects having to seek additional funding to bridge a funding gap which wasn't expected at the outset of the programme. The recent award of the additional GBF funding to existing GBF projects has helped to partially mitigate this risk. Other mitigation measures currently being employed include:
 - 7.1.1. value engineering in an attempt to reduce the total project cost but this approach risks adversely impacting on the outputs or outcomes offered by the project;
 - 7.1.2. purchase of all materials at the outset of the construction programme in order to offset the risk of further cost increases; and
 - 7.1.3. identifying alternative suppliers or alternative solutions so as to mitigate both cost increases and extended lead in periods.

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- 7.2. As an increasing number of GBF projects reach completion, the severity of this risk will begin to decline.
- 7.3. In addition, the economic impacts of the COVID-19 pandemic present a significant risk to the delivery of the benefits expected through the GBF investment. It is anticipated that GBF funding project benefits will be realised at a slower rate than expected, with some projects potentially reporting reduced benefits. This risk will be closely monitored as the programme reaches a conclusion. Changes to expected project benefits will be identified through the post scheme completion Monitoring and Evaluation process. Post scheme completion reporting for those projects which delivered prior to 31 March 2022 is now overdue for submission and engagement with local partner authorities in this regard will be prioritised.
- 7.4. There has been a clear expectation from Government that the GBF funding should be spent in full by 31 March 2023, and failure to do so would represent a significant reputational risk for both SELEP and the responsible Upper Tier Local Authorities. As a result of the late cancellation of the Swan Modular Housing Factory project, and the exhaustion of the new GBF project pipeline, this risk materialised. Whilst Government have been kept fully apprised of the situation, the outcome of SELEP's Annual Performance Review did identify a concern regarding the continuation of GBF spend into 2023/24. It is therefore important that efforts are made to reallocate the available GBF funding and complete spend at the earliest possible opportunity, whilst also being mindful of the processes which must be followed in order to comply with the requirements of the SELEP Assurance Framework.
- 7.5. There is also a risk that once the GBF funding has been fully defrayed to local partners that completion of the required quarterly reporting will not be prioritised, which is likely to result in the reporting either not being submitted to SELEP (as is the case with Medway Council at this meeting) or being submitted late. If the reporting is not provided in a timely manner, there will be insufficient time for the contents to be fully reviewed and to allow challenge where required to ensure that the Board are provided with a complete and robust update on delivery of the GBF programme.

8. Financial Implications (Accountable Body comments)

- 8.1. Essex County Council, as the Accountable Body, is responsible for ensuring that the funding awarded by Government is utilised in accordance with the conditions set for use of the Grant. GBF is a capital grant awarded by Government and is subject to the following condition:

The grant may be used only for the purposes that a capital receipt may be used for, in accordance with regulations made under section 11 of the Local Government Act 2003.

- 8.2. This condition requires that the grant is used to fund Capital expenditure; no end date for use of the grant is included within the conditions, however, it was the expectation of Government that it was used to fund the GBF projects and that it would be defrayed in full by the end of March 2022.
- 8.3. With the GBF allocated to each project having been transferred in advance to the Local Authorities, there is a requirement for the Board to continue to effectively monitor the

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progress of the GBF projects in order to provide assurance of delivery in line with the agreed business cases.

- 8.4. Further, this gives the Board oversight of potential risks which may impact delivery of GBF projects along with proposed mitigations; this is of particular importance due to the current uncertain economic climate and increasing inflation, together with ongoing impacts experienced following the Covid-19 pandemic and Brexit.
- 8.5. To support this monitoring, the SLAs set out the requirement for Partner Authorities to provide regular update reports to SELEP and the Accountable Body in the timescales and format specified by the SELEP Secretariat, to inform the updates to the Board and Government. Should the funding not be utilised in accordance with the conditions, Government may request return of the funding.
- 8.6. The cancellation of some projects during the 2022/23 financial year has required the return of GBF funding to the Accountable Body to be reallocated to other Projects on the pipeline in accordance with the decisions of the Board.
- 8.7. The representative of the Section 151 officer of the Accountable Body gave support to the decision made at the January 2023 Board meeting, to allow spend on GBF projects into quarter one of 2023/24, where this is approved by the Accountability Board. Spend beyond this period by GBF projects would not be supported at this point without further consideration of the resource implications to continue to monitor delayed schemes for an additional period; this is of particular note given the well reported financial uncertainties for the SELEP beyond 2023/24.
- 8.8. The latest forecast (table 1) indicates that £25.537m of the total £85m GBF allocation will be spent after 31 March 2022, of which £7.979m will be spent after 31 March 2023, of which £2.049m is now unallocated. As the conditions of the grant from Government do not include an end date, there is no risk of clawback by Government due to spend beyond 31 March 2022; however, there is reputational risk to SELEP and potential risk to future funding streams where defrayal of funding and delivery cannot be demonstrated – Government review this as part of the Annual Performance Review of LEPs.
- 8.9. The proposal to combine the GBF and GPF funds into one scheme is supported to reduce the overhead of managing two schemes; as both these funds are required to be used to support Capital Investment, there is no restriction in this respect, to manage as a single scheme. GPF was allocated to SELEP in order that it can be operated as a recyclable loan scheme to support capital investment; in reviewing options for use of the unallocated GBF, this could be applied as a loan or as a grant, providing that the condition for use for capital purposes is met, alongside the other requirements of the SELEP Assurance Framework, including assuring value for money. In reviewing options available, the Accountable Body will continue to support the SELEP Secretariat to ensure that those requirements are adhered to, as well as consideration given to the affordability of operating any options proposed.

9. Legal Implications (Accountable Body comments)

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

10. Equality and Diversity Implications

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

11. List of Appendices

- 11.1. Appendix A – GBF Spend Position
- 11.2. Appendix B – Programme Risk Register
- 11.3. Appendix C - Project deliverability and risk update
- 11.4. Appendix D – Update on projects which have received approval for retention of GBF funding beyond March 2022

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

Role	Date
Accountable Body sign off Michael Neumann (on behalf of Nicole Wood, S151 Officer, Essex County Council)	 07/06/2023