

Report to Accountability Board	Forward Plan reference number: FP/AB/96
Date of Accountability Board Meeting:	26 th May 2017
Date of report:	15 th May 2017
Title of report:	Growing Places Fund update
Report by	Rhiannon Mort, SELEP Capital Programme Manager
Enquiries to	Rhiannon.mort@essex.gov.uk

1. Purpose of report

- 1.1 To update the SELEP Accountability Board (the Board) on the latest position of the Growing Places Fund (GPF) Capital Programme.

2. Recommendations

- 2.1. The Board is asked to:

- 2.1.1 **Note** the updated position on the Growing Places Fund programme
- 2.1.2 **Approve** the amended Growing Places Fund loan repayment schedule for Chatham Waterfront

3. SELEP Growing Places Fund investments

- 3.1 In total, £49.210m GPF was made available to SELEP, of which £48.705m GPF has been allocated to date. These allocations include 13 capital infrastructure projects, as detailed in Appendix 1. In addition, a small proportion of GPF revenue funding was allocated to Harlow Enterprise Zone (£1,244m) and the remaining proportion has been ring-fenced to support the activities of SELEP's Sector Groups; as agreed by the Strategic Board.
- 3.2 The schedule of repayments for GPF projects is agreed within each credit agreement between Essex County Council, as Accountable Body, and the lead County/ Unitary Authority. A copy of the expected repayment schedule is set out in Appendix 1.
- 3.3 Of the 13 capital infrastructure projects allocated GPF funding, GPF has now been drawn down and invested in 10 of these projects. The three projects which have been allocated GPF, but have not yet drawn down this investment are:
 - 3.3.1 Harlow West Essex (£3.5m GPF)

3.3.2 Discovery Park (£5.3m GPF)

3.3.3 Live Margate (£5m GPF)

- 3.4 As agreed at Strategic Board on the 3rd March 2017, where existing LGF allocations are not drawn down and invested within reasonable timescales, then a further funding decision will be sought from the Board. As such, the progress on these existing GPF projects will be monitored and reported to the Board on a quarterly basis.
- 3.5 Since the last Strategic Board and update report to Accountability Board there has been substantial progress with the development of the Credit Agreements for the Harlow West Essex and Discovery Park projects. These two agreements are expected to be signed imminently.
- 3.6 No substantial progress has been evidenced for the investment of the £5m GPF allocation in the Live Margate project. A more detailed project update has been sought and which will be considered at the next Strategic Board on the 9th June, to ensure that clear steps are identified for the draw down and investment of the £5m GPF allocation to the project.

4. Growing Places Fund Project Delivery

- 4.1 The detail of GPF project delivery to date is shown in Appendix 2.
- 4.2 Eight GPF projects have now been completed, with the benefits of this infrastructure investment starting to be realised. To date, it is reported that 858 jobs have been delivered through investment in commercial space and new business premises, as set out in Appendix 3. However, it is expected that the project benefits extend beyond the direct job creation and housing benefits captured through the current reporting.
- 4.3 Repayments are now being made from this initial GPF investment; totalling £4.655m. There are eight projects which have made repayments to date, including Chelmsford Urban Expansion project which has now repaid the £1m GPF loan in full.

5. Chatham Waterfront Development

- 5.1 At the last Board meeting, the Board approved the amended re-payment schedule for North Queensway and Priory Quarter projects. A request has also now come forward in relation to Chatham Waterfront.
- 5.2 The Board is asked to **approve** the amended re-payment schedule, as shown in Table 1 for the Chatham Waterfront project.

Table 1 Amended GPF loan re-payment schedule (£m)

	Repayments Schedule (£m)				
	2019/20	2020/21	2021/22	2022+	Total
Original	2.999				2.999
Revised	1.000	1.000	0.999		2.999
Movement	-1.999	1.000	0.999	0.000	0.000

- 5.3 Table 1 above shows the delayed repayment of GPF by £1,999,000 in 2019/20, with this repayment being delayed to 2020/21 (£1,000,000) and 2021/22 (£999,000).
- 5.4 The project Business Case set out intention for GPF to be invested in land assembly, flood mitigation measures and the creation of public space. These site enabling works were required to unlock the Chatham Waterfront Development proposal.
- 5.5 Upon the sale of the development sites, it was intended that the GPF loan would be repaid. However, whilst the site enabling works are now complete and the £2.999m GPF has been invested in full, delays were experienced in delivering these works due to difficult third party land owner negotiations and delays from the Environment Agency on agreeing a way forward for protecting the site against flooding.
- 5.6 The site enabling works were completed in advance of a developer having been identified in order to make the re-development of the site commercially viable and marketable.
- 5.7 On the 15th March 2017, the site was granted outline planning permission and is now being marketed, to enable developers to come forward with development proposals for the site.
- 5.8 Subject to market appetite, legal agreements and determination of a detailed planning application for the actual development, the initial draw down of the profit/capital receipt is likely to begin in late 2019/20. As a result, repayment of the loan in full in 2019/20 is no longer feasible. The Board's approval is therefore sought to agree the amended re-payment schedule, as set out in Table 1 above.
- 5.9 A decision by the Board to agree the delayed re-payment of GPF will impact on the availability of GPF for re-investment.
- 5.10 At the last Strategic Board, it was agreed that the GPF loan re-payments would be re-invested as a continued recycle loan scheme. The decision to delay the repayment of the GPF loan for the Chatham Waterfront project will

reduce the amount of GPF which can be reinvested across SELEP over the next four years.

- 5.11 There is also a risk that should no suitable developer come forward or if detailed planning permission cannot be secured within the required timescales, Medway Council will not be able to make re-payments as per the amended schedule. If this risk materialises, this will have further adverse impacts on the availability of GPF for recycling to new development opportunities.

6. Financial Implications (Accountable Body Comments)

- 6.1 It is understood that proposals are being developed to present to Strategic Board with regard to the reinvestment of GPF; the Accountable Body support the implementation of a transparent and proportionate approach for reinvesting the GPF in line with the requirements of the Assurance Framework.
- 6.2 The planned delay in repayment of the Chatham Waterfront Development project will reduce the amount available for reinvestment in 2019/20.
- 6.3 It should also be noted that delayed repayments on investments made on an interest-free basis will further erode the true value of the fund over time; this presents a risk to the on-going sustainability of the fund as a recyclable loan scheme.
- 6.4 The Accountable Body will continue working with the SELEP secretariat to provide support and advice with regard to monitoring repayments on-going and the plans for reinvesting the funds.

7. Legal Implications (Accountable Body Comments)

- 7.1 The credit agreement in place with Medway for the Chatham Waterfront project will need to be amended in line with the revised repayment schedule, if approval from the Board is obtained.

8. Staffing and other resource implications (Accountable Body Comments)

- 8.1 None

9. Equality and Diversity implications (Accountable Body Comments)

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

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

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

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

Role	Date
Accountable Body sign off Lorna Norris On behalf of Margaret Lee	18.05.2017

10. List of Appendices

10.1 Appendix 1 – Growing Places Fund repayment schedule

10.2 Appendix 2 – Growing Places Fund Project Summary

10.3 Appendix 3 – Benefit Realisation

11. List of Background Papers

11.1 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)